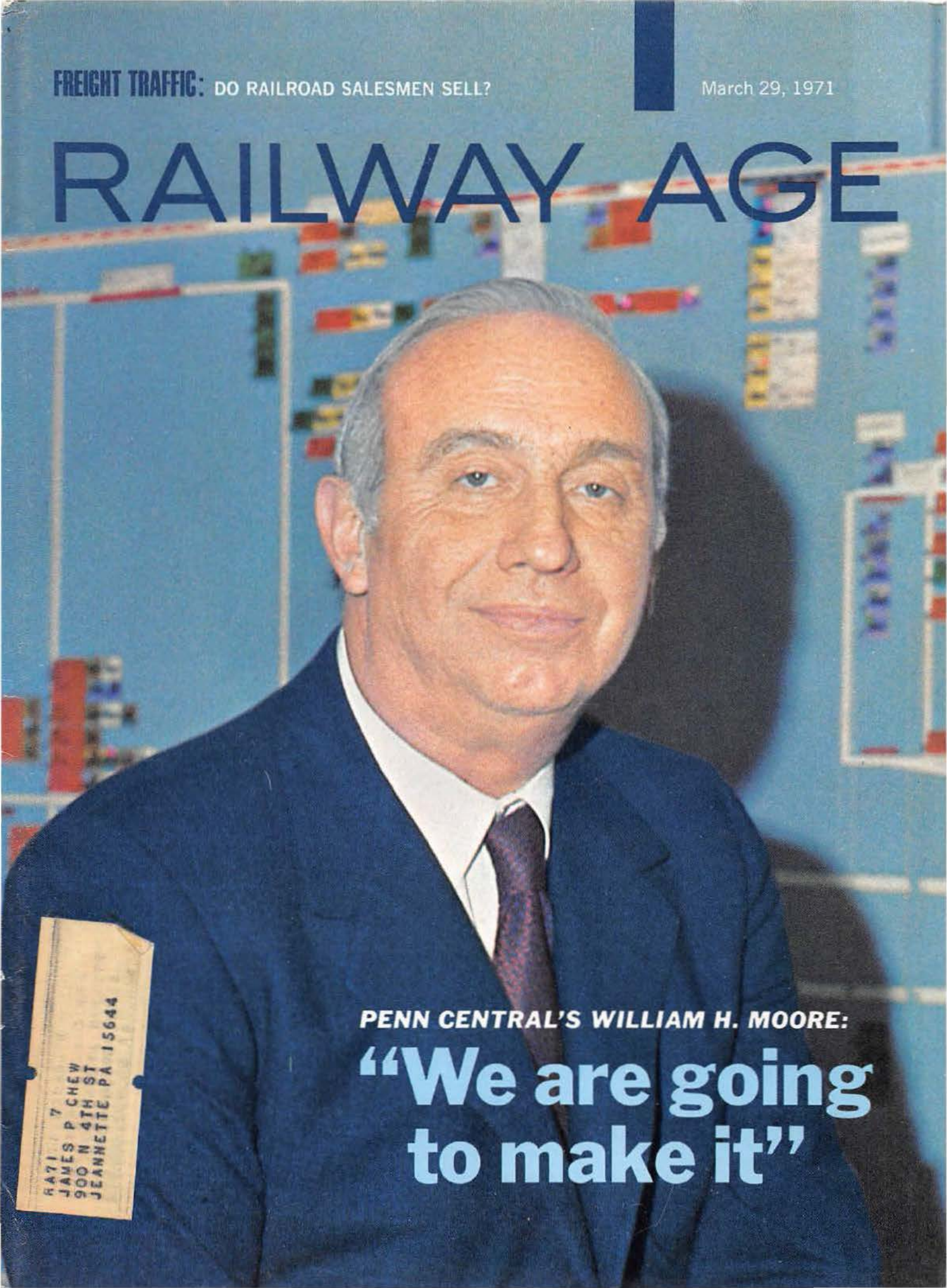
FREIGHT TRAFFIC: DO RAILROAD SALESMEN SELL?

March 29, 1971

RAILWAY AGE



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"We are going to make it"

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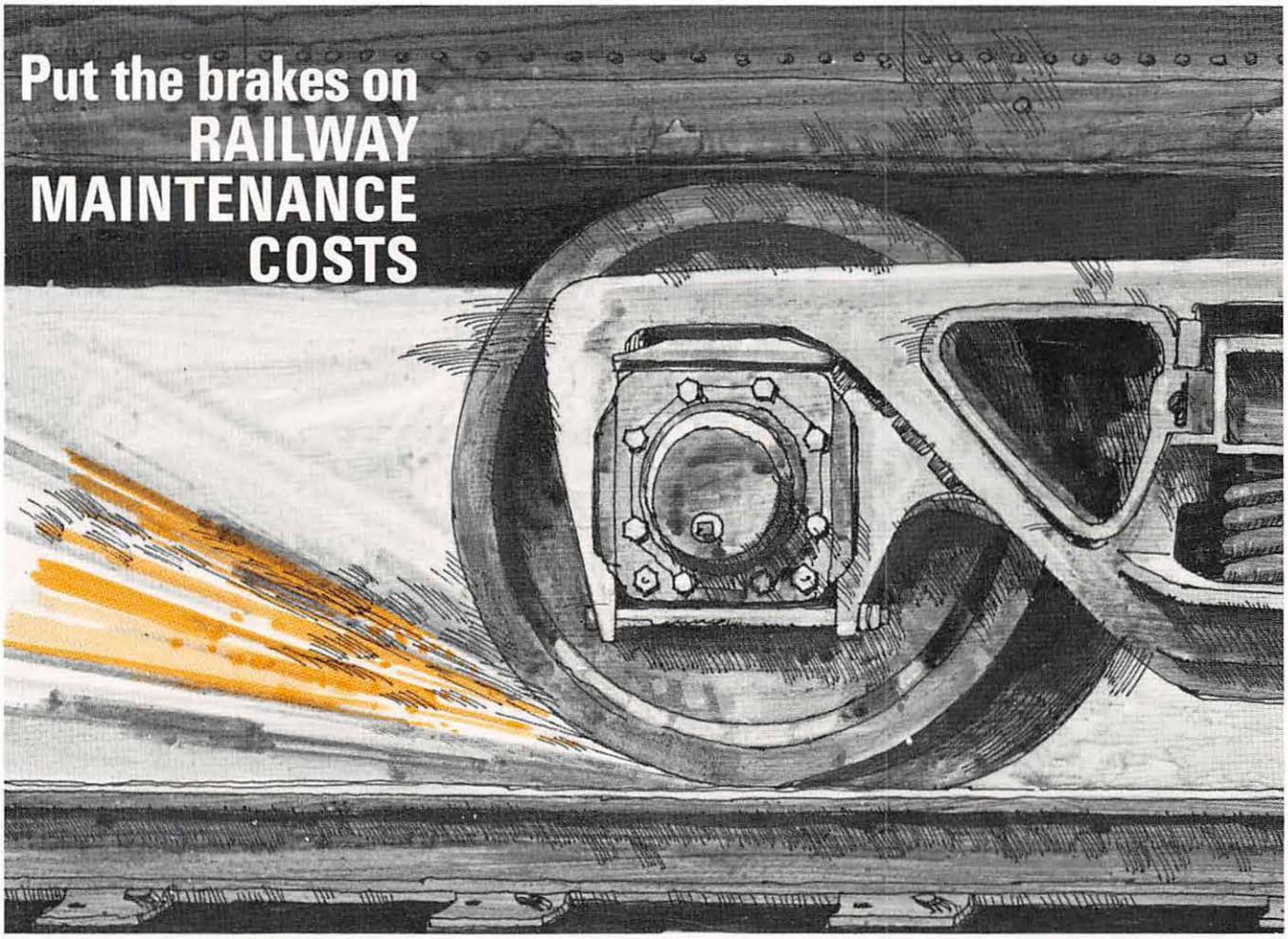

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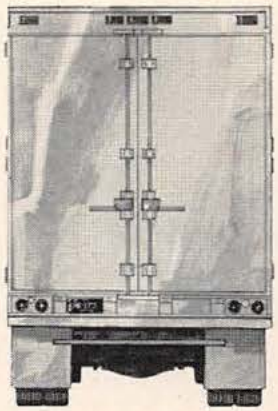
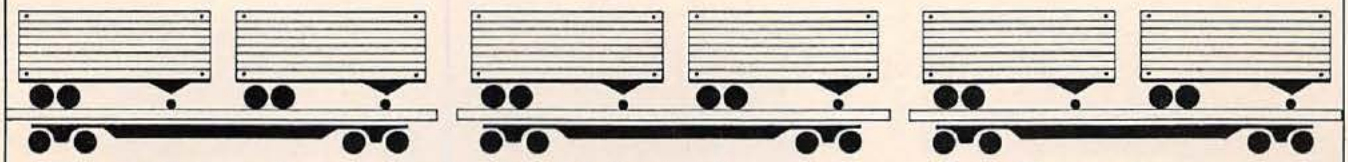


You can't close doors

until it's in place!



The New Aeroquip bulkhead automatically advances to hold retreating loads and prevents voids in the cargo.

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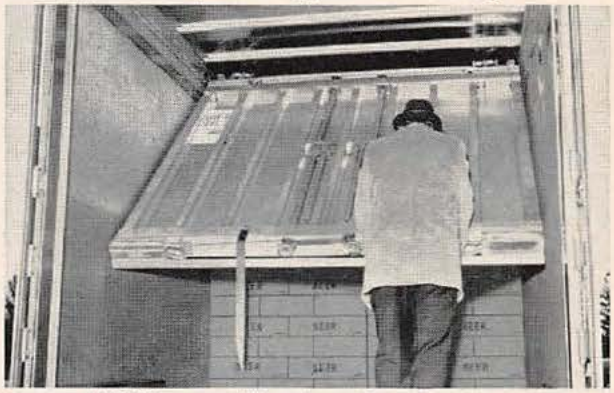
Aeroquip products are protected by patents internationally.



Aeroquip CAMUS I was carefully engineered to make raising and lowering simple and effortless.

Aeroquip

INDUSTRIAL DIVISION

Circle 4 on coupon page 45

"We need you. And you need Penn Central!"

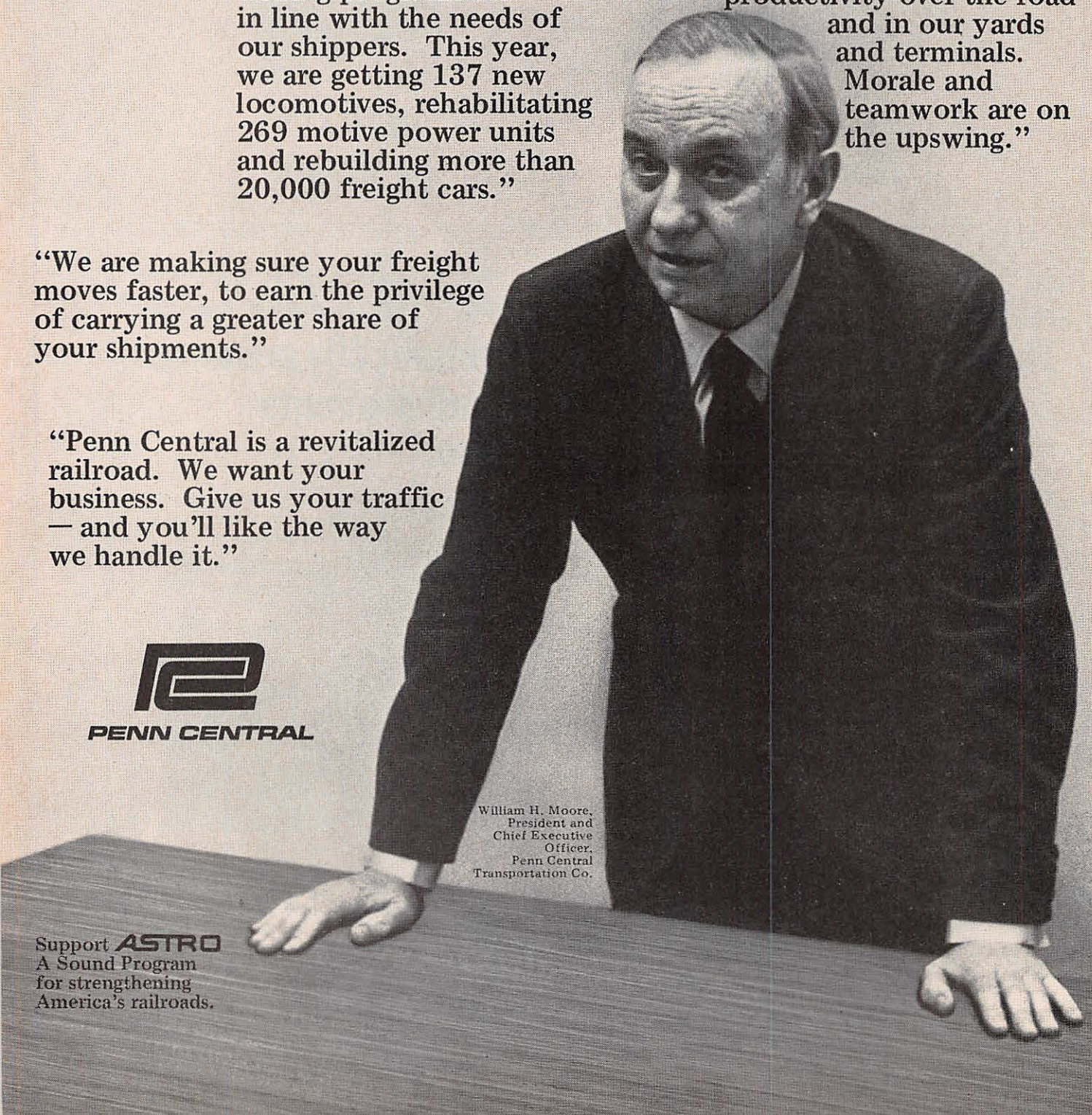
"The entire Penn Central railroad system is dedicated to first-class service for your shipments. We are concentrating on reliability and efficiency — and it's paying off. On-time performance has improved steadily, and will continue to improve."

"Our new equipment acquisition and reconditioning programs are in line with the needs of our shippers. This year, we are getting 137 new locomotives, rehabilitating 269 motive power units and rebuilding more than 20,000 freight cars."

"We have launched a special campaign to raise productivity over the road and in our yards and terminals. Morale and teamwork are on the upswing."

"We are making sure your freight moves faster, to earn the privilege of carrying a greater share of your shipments."

"Penn Central is a revitalized railroad. We want your business. Give us your traffic — and you'll like the way we handle it."



PENN CENTRAL

William H. Moore, President and Chief Executive Officer, Penn Central Transportation Co.

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RAILWAY AGE

March 29, 1971 • Vol. 170 No. 6

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Inside

LUTHER MILLER

PC, THE RAILROAD

By now, nearly all business writers who know their business (and one or two who do not) have favored us with their expert views on the Penn Central Transportation Co. Since their revelations derive all too frequently from the gospel according to Wright Patman, it is not surprising that many of these writers tend to view Penn Central mainly as protagonist (or pawn, depending on the viewpoint) in a great and somewhat sinister game of high finance.

While much of what is written in this vein is doubtless true, as far as it goes—and also instructive, insofar as it might deter other companies from embarking on some of the racier adventures undertaken by PC's former financial management—the fact remains, and it is too often forgotten, that Penn Central is not fundamentally a financial institution. It is a railroad. It is a common carrier of freight and people. And its ultimate salvation will depend upon the degree of excellence with which it accomplishes this primary task.

For this week's cover story (p. 28) Railway Age talked with President William H. Moore about the Penn Central as a railroad. We talked about trains. We talked about operations and service. We were cheered by what we heard.

STRIKING BACK AT VANDALISM

The original Vandals were a well-organized horde of barbarians that senselessly ravaged civilized Europe 16 centuries ago. Less well-organized, but equally senseless in their destructive acts, are the latter-day vandals and thieves who seem to find the exposed and relatively defenseless property of railroads an irresistible target. The rising menace of vandalism and theft—and how railroads are trying to cope with it—is described by Senior Editor Gus Welty (p. 34D).

"DO RAILROAD SALESMEN REALLY SELL?"

Warren Walworth

Freight sales solicitation was simpler in the old days than it is today, recalls Warren Walworth: "Someone handed you a callbook, briefly described your territory, said 'Good luck,' and pushed you out the door." Walworth's own and rather more sophisticated approach to sales and marketing—an approach that has been tested and proved on a number of railroads that have engaged his consulting services—is described in the article beginning on p. 34A. A third-generation railroader, Walworth was involved in both sales solicitation and distribution analysis work for the New York Central before leaving that railroad, in 1964, to become a consultant. He is now a vice president of Robert Heller Associates, Inc., and head of his own firm, Warren Walworth & Associates, a Heller affiliate.

The do-it-yourself covered hopper car.

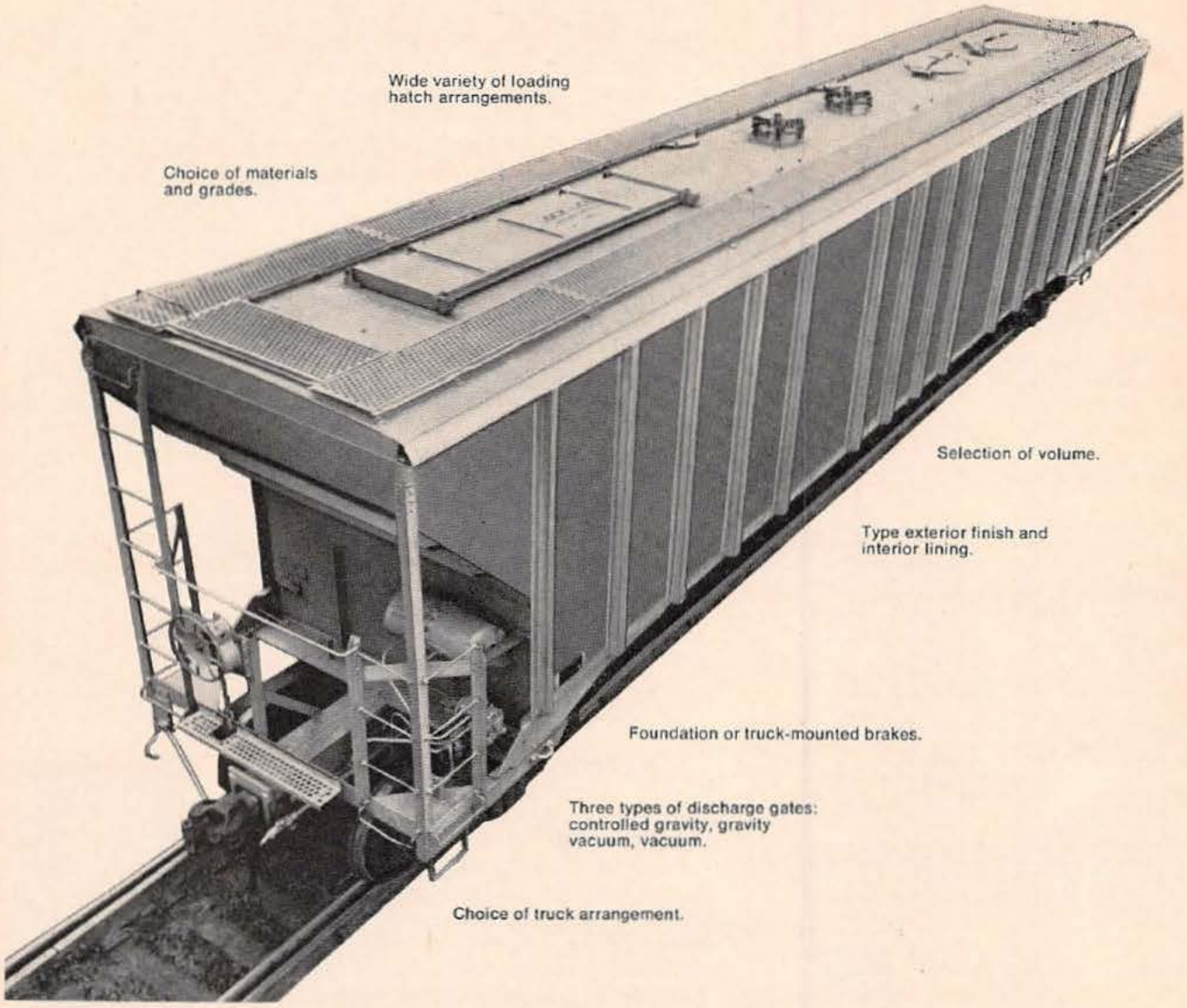
It's a very simple proposition. We provide a basic car, in various capacities, and you order it to suit your specific needs.

You see, we feel that nobody knows more about your business than you do. That's why we combined a survey of your requirements with our years of experience and new manufacturing and quality control techniques into a basic covered hopper car. The rest is do-it-yourself.

Because all you have to do is tell us what your special needs are. Our engineers will fit your requirements into this basic car. Of course, there are many options for you to choose from —like those below.

So no matter what your lading problems are, talk to us. We'll have a covered hopper car that will solve them. In fact, just to be sure—we'll let you do-it-yourself. Contact Fruehauf Railcar Division, Fruehauf Corporation, 660 Van Houten Avenue, Clifton, N.J. 07015. Telephone (201) 779-1976.

TOTAL TRANSPORTATION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Choice of truck arrangement.

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Circle 5 on coupon page 45

RAILWAY AGE

March 29, 1971

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COVER

Penn Central President William H. Moore impresses visitors as a man who exudes strength and confidence—two qualities captured by Railway Age Art Director Maurice Mates in the color portrait of Moore which appears on this week's front cover. The picture was taken in PC's motive-power control room.

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Short and Significant

THE INDUSTRY

ACF TO PENN CENTRAL: 1,000 CARS, ON LEASE

Penn Central on March 23 won court approval to lease 1,000 new 50½-ft, 70-ton box cars from ACF Industries. ACF Chairman John F. Burditt said a separate subsidiary would be created to handle the proposed 20-year lease. Penn Central trustees on March 16 applied to the U.S. District Court for the Eastern District of Pennsylvania for authority to enter into the transaction. ACF puts the value of the cars at $14,750,000. The rental will range from $4.99 per day per car for the first five years to $3.72 per day per car during the fourth five-year period.

ASTRO GETS AD, PROMOTION BUDGET

The AAR board has approved a $2.75-million advertising and promotion budget for ASTRO. About $2.35 million will go for television and newspaper advertising and the remainder for printed material.

EIGHT ROADS CITED FOR GOOD REPORTING

The Financial Analysts Federation has cited eight railroad companies for excellence in corporate reporting. Isabel Benham, chairman of the railroad subcommittee of the Federation's corporate information committee, said plaques are being presented to Burlington Northern, Illinois Central Industries, Norfolk & Western, Frisco, Southern, Union Pacific, Southern Pacific and Western Pacific.

UP AND UTILITY SEEK URANIUM ORE

Union Pacific's Natural Resources Division—Mining has teamed up with Mono Power Co., an energy resources affiliate of Southern California Edison, in a joint venture exploration for uranium ore, principally in Wyoming and Colorado. The program contemplates several hundred thousand lineal feet per year of exploratory drilling over a five-year period on properties owned, controlled or acquired by UP.

N&W MOVES FERTILIZER BY UNIT TRAIN

Norfolk & Western has inaugurated an ammonium sulphate unit train movement between Hopewell, Va., and Latty, Ohio. Thirty-six covered hoppers carrying nearly 4,000 tons of the fertilizer left the Allied Chemical plant at Hopewell March 4. John A. Barrett, N&W vice president-merchandise traffic, said the movement is a "pilot program which could be expanded to additional points later this year." N&W moves grain and potash, as well as coal, in unit trains.

WASHINGTON

ICC RULES IN EX PARTE 265 AND 267

ICC on March 23 told eastern and western railroads they could permanently increase general freight rates by 11.8%, instead of the 15% asked for under the Ex Parte 265 and 267 rate proceedings. Southern rails were permanently granted their 6% increase. Most of the increases authorized are already in effect on an interim basis. ICC also ordered rails to make quarterly reports on corrections of what it called "deteriorating service," the first time it has so ordered. Finally, the Commission said it would entertain no further general rate increases until railroads "up-date their tariffs so that shippers" could ascertain charges without "unreasonable difficulty."

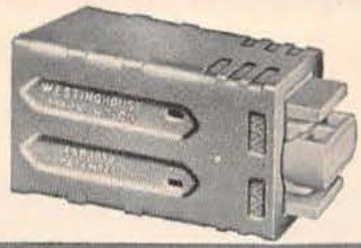
CNJ, B&M SEEK FEDERAL GUARANTEES

Two more bankrupt carriers have sought government guarantees of loans under terms of the Emergency Rail Services Act of 1970, which authorized such loans up to a total of $125 million. Central of New Jersey was granted $10 million in Federal guarantees of trustee certificates "to enable operations to continue beyond the middle of April." Boston & Maine is seeking $3.4 million in guarantees. The lion's share of guarantees—$100 million—has already gone to Penn Central. In testimony before a House Commerce subcommittee, ICC Chairman George M. Stafford has identified 18 other railroads "in precarious position." "We cannot predict bankruptcy, yet we know it could happen," said Stafford. These "marginal railroads" were listed as: Ann Arbor, Bangor & Aroostook, Central Vermont, Chicago & Eastern Illinois, Erie Lackawanna, Grand Trunk Western, Illinois Terminal, Maine Central, Monongahela, Pennsylvania-Reading Seashore, Reading, Milwaukee, Chicago & North Western, Fort Worth & Denver, Katy, Northwestern Pacific, Western Pacific and Rock Island.

SMOOTH CONTACTS

MARK 50

MARK R-500



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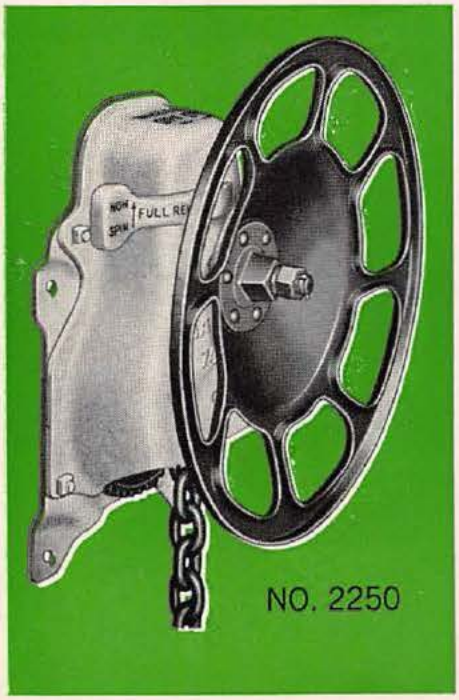
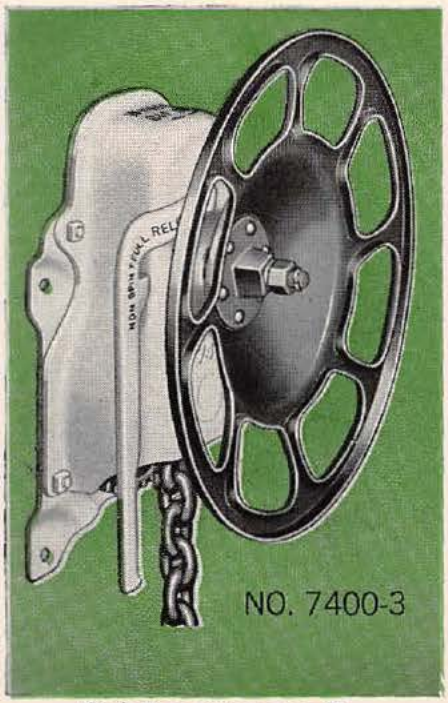
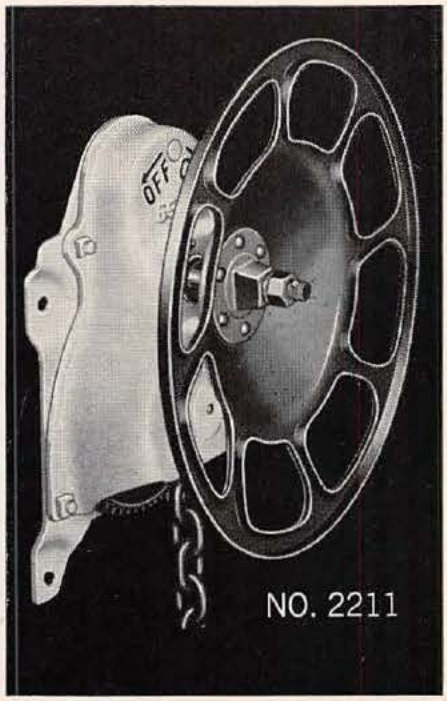






Circle 7 on coupon page 45

NEWS

Tax credit law may be on the way

If the investment tax credit is reinstated, can spring be far behind?

Such airy thoughts captivated businessmen, and railroaders in particular, as reinstatement talk grew ever louder in Washington in recent days.

Reinstatement takes the form of a Congressional amendment to the Internal Revenue Code of 1954. While it has been known that Rep. Wilbur Mills, chairman of the powerful House Ways and Means Committee (he is known in Congress as the "Napoleon of the Ozarks"), was preparing such an amendment—said to be a 7% credit retroactive to Jan. 1—Sen. Vance Hartke (D.-Ind.), chairman of the Senate Surface Transportation Subcommittee, demonstrated his capacity to surprise everyone by introducing a Senate bill (S. 1262).

His bill provides for a 10% credit on property placed in service after March 31 and a 7% credit on property placed in service in the period Jan. 1 to March 31.

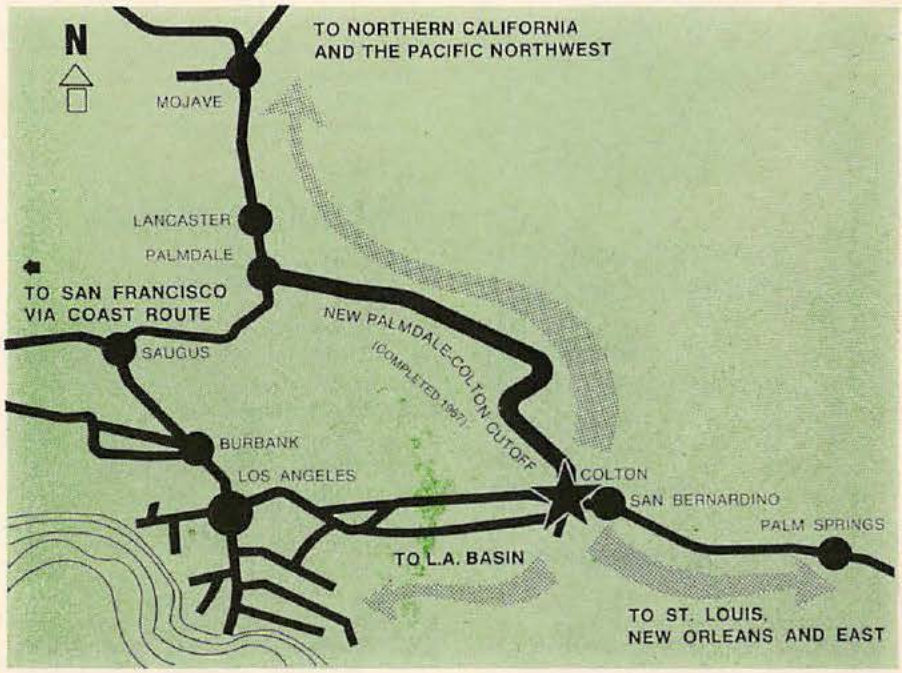
Hartke estimated his measure would cost the government about $4.3 billion a year in lost tax collections.

"As a short-range vehicle for stimulating investment in new plant and equipment and therefore creating jobs, there is no better fiscal device available to us," he declared.

Federal Reserve Chairman Arthur F. Burns also threw his support to reinstatement of a 7% tax credit. He said it also may become necessary to cut personal income taxes and expand the money supply more rapidly if the economy's gains are slower than now anticipated.

Business this year intends to spend $83.1 billion for new plant and equipment, 4.3% more than in 1970, according to a government survey.

The survey forecasts $1.82 billion to be spent by rails in 1971, up from $1.78 billion in 1970. It said rails would spend this amount at a rate of $1.62 billion in first quarter 1971, $2.11 billion in second quarter 1971, and $1.79 billion during second half 1971.



SP will build $39-million yard at Colton

Southern Pacific directors on March 18 approved plans for a new $39-million yard at West Colton, Calif., that will be the largest in the Far West and "the most technologically advanced in the world."

Construction of the 560-acre facility, 50 miles east of downtown Los Angeles, will begin this summer and is to be completed by the end of 1973.

"Colton is a strategic location for Southern Pacific," noted SP President Benjamin F. Biaggini. "It offers easy access westward to the entire Los Angeles Basin. It is right on our main line eastward to Arizona, Texas, and the Mississippi River gateways of St. Louis, Memphis and New Orleans. And we have a new cutoff line directly north from Colton to central and northern California and the Pacific Northwest. The yard will speed service to and from all these areas." (SP's Palmdale-Colton Cutoff is a 78-mile shortcut through the San Bernardino Mountains opened in 1967 at a cost of $22 million.)

The new Colton yard will have a total of 93 miles of track with capacity for 6,800 freight cars. It will stretch about six miles along the south side of the San Bernardino Freeway (Interstate 10) in the communities of Colton, Rialto, Bloomington and Fontana. Maximum width of the yard will be about 1,800 feet. The main bowl of the yard will have 48 classification tracks, with room for 24 more when needed. Eight receiving and 14 departure tracks will be built.

New $11-million yard planned by Southern

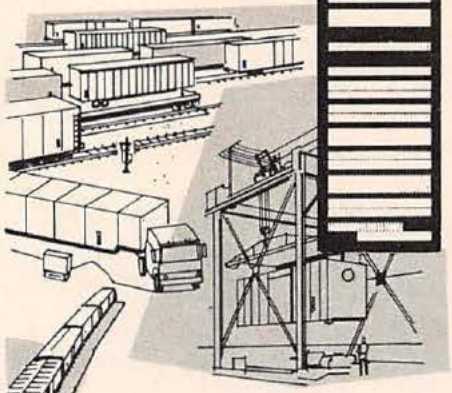
Late in 1972, the Southern will place its sixth automated freight yard in service—an $11-million facility five miles southeast of Sheffield, Ala. It will replace the existing yard in downtown Sheffield.

The new yard will have an over-all length of about four miles and occupy some 160 acres of land.

Southern President W. Graham Claytor, Jr., said the yard is needed "to meet increased growth in the Sheffield industrial area and enable Southern to handle the rising volume of traffic moving both east and west through the Memphis gateway."

THINKING ACI SAVINGS?

ACI Systems Corp.



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Circle 8 on coupon page 45

IC's R-A-T: Struck down by the blight

Illinois Central's Rent-A-Train is gone but not forgotten—and, hopefully, its absence will be only temporary. Rent-A-Train operated between central Illinois and the Gulf Coast for two years—but Cargill, Inc., did not renew the contract for a third year. The reason: Uncertainty about the Illinois corn crop, in the wake of a corn blight. Both IC and Cargill are optimistic about an eventual renewal of the service—but it's too early to say when that renewal might come.

Milwaukee makes it into Portland

As of March 22, Milwaukee Road serves Portland. This extension of service was provided for in conditions attached to Burlington Northern merger, but implementation was delayed when Union Pacific took its opposition to the ICC and then to the courts (RA, Dec. 28, 1970, p. 23). Now, Milwaukee has worked out agreements with BN under which it will come into Portland from Longview, Wash., on BN trackage rights and use a BN yard for interchange and for handling cars originating or terminating in Portland.

Tariffs under which Milwaukee participates in routing of traffic to and from Portland and to Oregon and California points via connecting lines were made effective March 22.

Katy picks Ziebarth as vp-finance

Karl Ziebarth

Karl Ziebarth, of the Wall Street brokerage firm of Dominick & Dominick, Inc., has been elected vice president-finance of the Katy with headquarters in Dallas. Before joining Dominick & Dominick last year, Ziebarth was associated for several years with Hayden, Stone. For several months prior to his Katy appointment, he conducted a financial column for Railway Age, "View from the Street."

PC plans sale of non-railroad assets

In compliance with the Emergency Rail Services Act of 1970—under whose terms Penn Central won Federal guarantee of $100 million in loans—PC trustees on March 15 filed with the Department of Transportation a preliminary report on plans to dispose of non-transportation assets.

At the outset, the trustees said they considered it to be "of prime importance to avoid distress situations resulting from massive, ill-considered sales." They also said they did not want to "forego any stream of current income presently supporting rail operations unless the sale of income-producing properties will make funds presently available for rail use at a higher return."

The trustees said they propose to sell real estate valued in excess of $390 million, exclusive of the Park Avenue properties and real estate owned by subsidiary companies. Of this amount, approximately $66 million will be realized in 1971.

The trustees noted that the Park Avenue properties are covered by mortgages totaling $435 million. Meanwhile, these properties produce rental income which amounted to $21.6 million in 1970—income which, said the trustees, is immediately available to defray railroad operating expenses. Since proceeds from any sale would in all likelihood be tied up in litigation, the trustees feel that rentals will be of greater benefit to the railroad in the near term.

Similarly, the trustees said that securities with a book value of $213.8 million are either pledged to third parties to secure loans, or are subject to other restrictions upon their transfer—with the result that very little of the proceeds from their sale could be made available for railroad operations.

On March 16, the Pennsylvania Co. (Pennco) gave its parent, Penn Central, an interim report on plans for divestiture of its own non-railroad properties.

Pennco's major non-rail assets are Buckeye Pipe Line Co. (100% owned); Arvida Corp. (58% owned); and Great Southwest Corp. (98% owned). Of three alternative plans for disposing of these properties, Pennco said it leaned toward that providing "for PCTC to sell or otherwise dispose of Pennco stock directly to a third party, either the banks which currently are pledgees of the common stock of Pennco as security for $300 million of loans to PCTC; a major industrial or financial company; or the banks in conjunction with this company."

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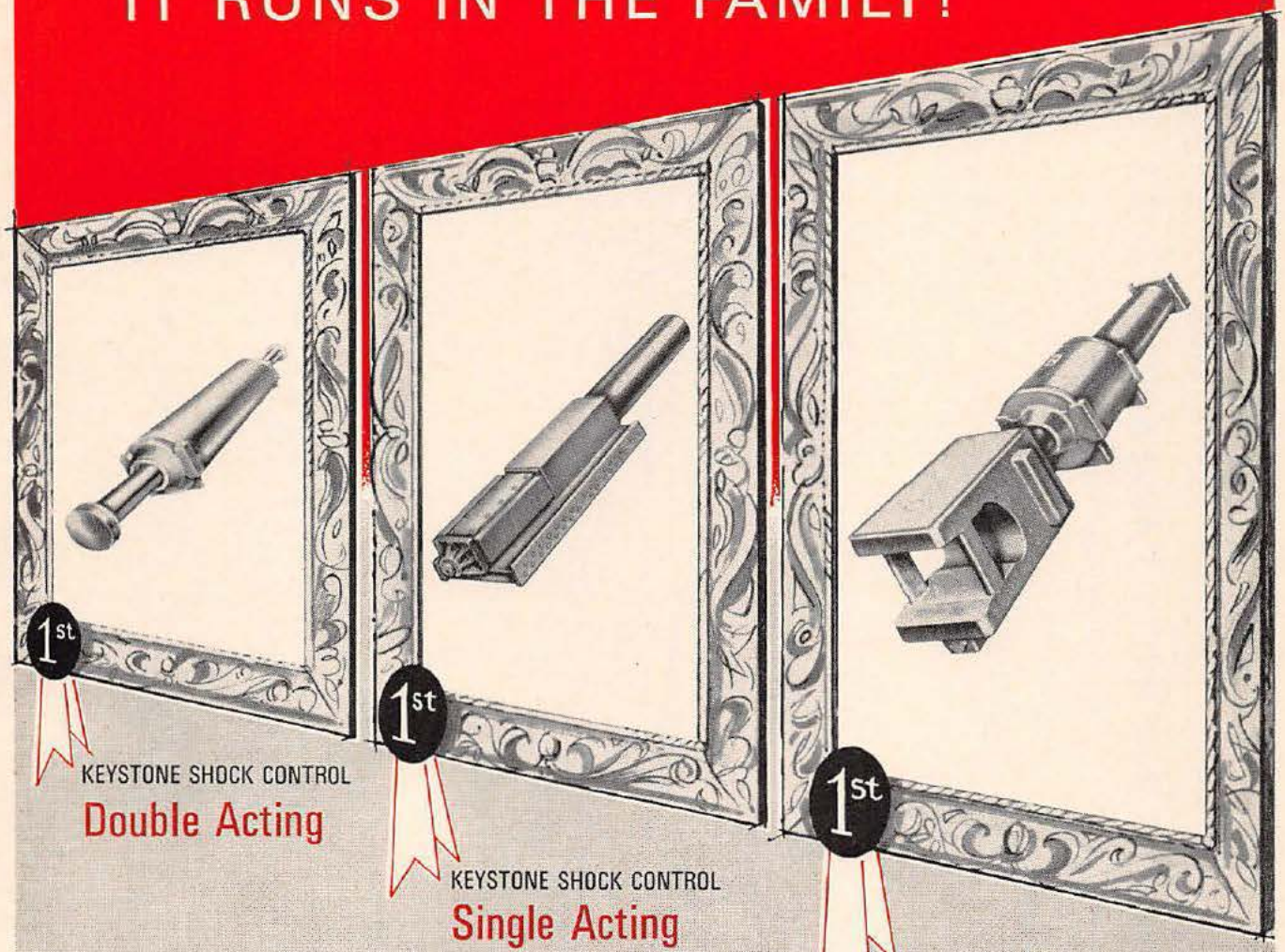

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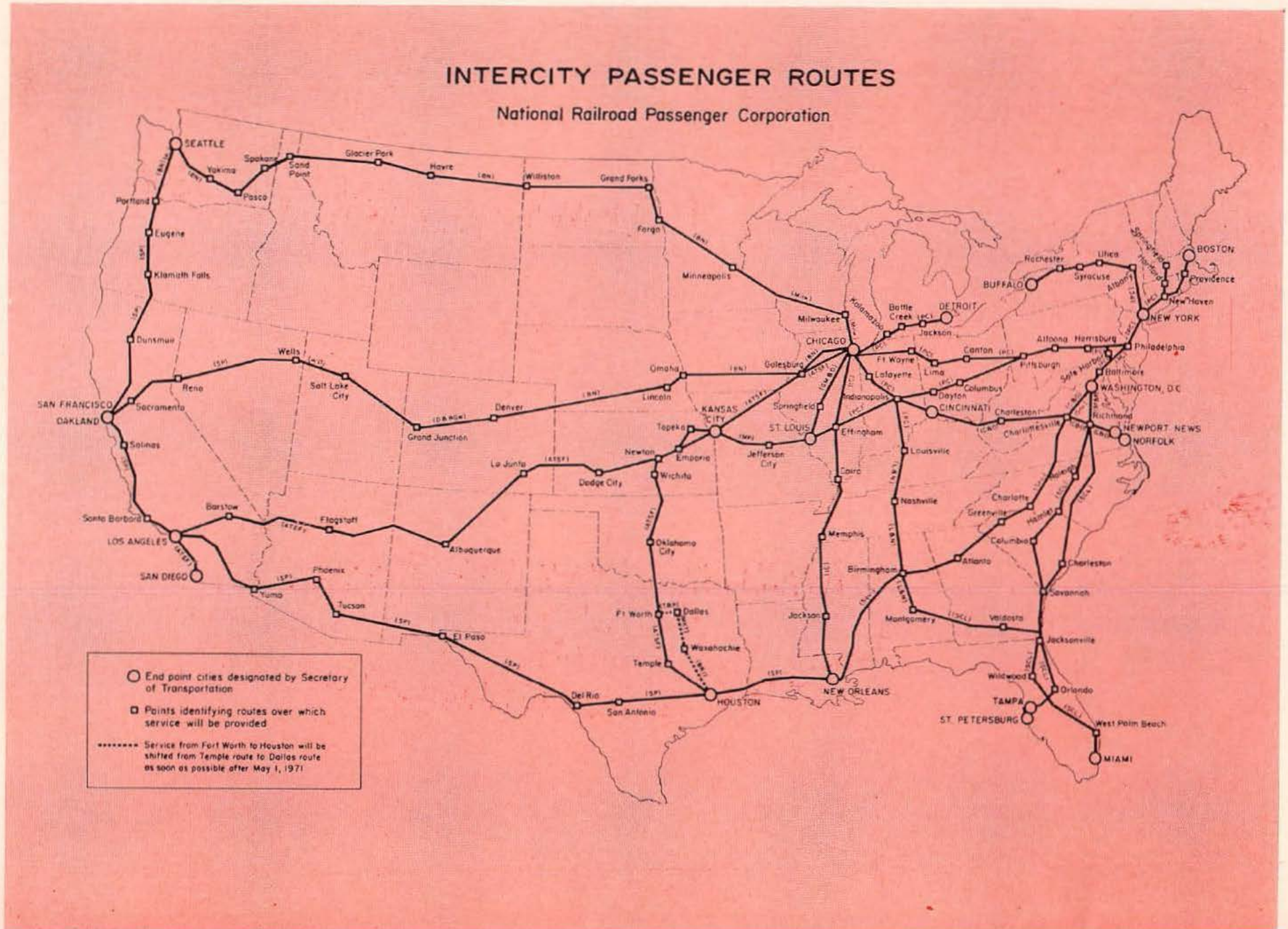
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End point cities designated by Secretary of Transportation
Points identifying routes over which service will be provided
Service from Fort Worth to Houston will be shifted from Temple route to Dallas route as soon as possible after May 1, 1971

RAILPAX: Optimism reigns as the routes are announced

After weeks of mighty wrestling over a cost-reimbursement formula, the eight incorporators of the National Railroad Passenger Corp. (Railpax) and the 22 railroads eligible to turn their passenger trains over to the quasi-government agency appear to be near agreement.

At a press conference called March 22 to announce the final selection of routes between 21 previously-named end-cities in the Railpax network (see map, facing page), David W. Kendall, chairman of the incorporators, said negotiations had perceptibly brightened—and he expected contracts to be signed with all 22 carriers. He said all of the agreements would be announced at once, possibly as early as April 1.

Kendall did not say what had broken the impasse—but Stephen Ailes, who became president of the Association of American Railroads on Jan. 1, was reported to have played a key role. One report last week said the tentatively agreed-upon cost-reimbursement formula would embrace "avoidable costs as defined by the solely-related formula of the ICC, plus identifiable avoidable costs not covered in the formula, plus an overide to cover additional costs not identifiable but believed to be avoidable."

It became known, meanwhile, that an advisory committee of railroad men will assist Railpax in getting started. This committee consists of J. R. Getty, currently vice president-passenger traffic, Seaboard Coast Line, for marketing and customer services; Henry F. Davenport, vice president-passenger service, Illinois Central, for operations; and A. H. Schneider, manager personnel development, Penn Central, and W. M. Freund, general manager, Chicago Union Station Co., for terminal services. Another, at-large member of the group is George Bohannon, former president of the Pullman Co.

At last week's press conference, one of the incorporators, Arthur D. Lewis, said first-year costs of the new system would be $250 million, with revenues of around $150 million. Thus Railpax will begin its corporate life with a deficit of around $100 million. Lewis said that centralization of car maintenance and other services would help the corporation cut its costs by as much as 50% in the future.

Under the system as finally put together, Railpax will operate 184 passenger trains that will serve 85% of the nation's urban population, reaching 114 cities with 100,000 population or more, said Kendall. Penn Central will operate 70% of the Railpax trains.

Kendall said Railpax would use the best equipment—"some 1,500 out of 3,300 existing railroad passenger cars."

Analysis of the Railpax map brings out a number of points of especial interest to railroaders.

Railpax has preserved the concept of tri-weekly train services between Birmingham and New Orleans; New Orleans and Los Angeles; Portland and Oakland; and west of Denver on the San Francisco route. This expedient was achieved by the three railroads involved, the Southern, Southern Pacific and Denver & Rio Grande Western, when it became apparent that complete discontinuance of service was not going to be granted by the ICC.

Under Railpax, Chicago-Los Angeles service drops to one train a day and is Santa Fe all the way, following the route of the "Super Chief." Chicago-San Francisco service goes by the old "California Zephyr" route as far as Winnemucca, bringing Western Pacific back into the passenger picture, thence via Southern Pacific through Reno to Oakland. The frequency is daily to Denver and tri-weekly beyond.

> Others might have drawn the map differently—but it would have been hard to do it better.

Service to the Pacific Northwest which has been represented by five through trains daily, four via Burlington Northern and one via Union Pacific, will go to one train a day routed from Chicago to St. Paul via Milwaukee, to Spokane via former Great Northern lines, and to Seattle via former Northern Pacific trackage. Portland will have service only via the "corridor" between Seattle and Portland, with two trains a day instead of three, and tri-weekly to Oakland.

Railpax says the frequency of Chicago-Florida service "will continue unchanged at one train per day in each direction." Actually, present service operates every even day by one route, with through cars, and every odd day by another route with a change of trains at Louisville. Railpax will operate a through train via the Louisville route daily.

While Union Pacific, formerly a major passenger carrier, becomes a freight-only road except for its involvement in the Portland-Seattle service, the Katy, long a freight-only carrier, is destined to become part of the Chicago-Houston service. This service will operate over the Santa Fe's "Texas Chief" route all the way at the outset, but is later scheduled to be diverted via Dallas.

Most of the Railpax network protects long-haul services. The only true corridor service is that between New York, Washington and Boston where substantially present train services will be maintained. Two other corridors will have three trains a day—New York-Buffalo and Chicago-Milwaukee—and the latter will be the only Railpax service on a run of less than 100 miles. Two-train-a-day corridors will be Portland-Seattle, Los Angeles-San Diego; Chicago-St. Louis; and Chicago-Detroit.

New York-Florida service will be pretty much preserved as is with three trains a day serving both the East and West coasts of Florida and with operations via Raleigh-Columbia as well as via Florence-Charleston.

A few intercity services will disappear, along with a few name trains. Included are routes between these important city-pairs: Albany-Montreal, Albany-Boston, Detroit-Cincinnati, Cleveland-Cincinnati, Detroit-St. Louis, Savannah-Atlanta, Cincinnati-Birmingham, Jacksonville-New Orleans, Milwaukee-Green Bay, Salt Lake City-Los Angeles, and Toledo-Cleveland-Buffalo. Cleveland will be the largest city in the U.S. without passenger service. Dallas has previously had this distinction.

In each case, Railpax gave the reasons for its route decisions. In selecting the "Broadway Limited" route over the former "Twentieth Century" route, for example, Railpax cites: (1) Population served is second only to the Cleveland route (6.5 million for Pittsburgh-Fort Wayne vs. 7.5 million for Pittsburgh-Cleveland and 2.6 million for Buffalo-Cleveland; (2) running time is one hour faster than the Buffalo-Cleveland route; (3) current ridership is highest by far. (Also, there is no existing service between Pittsburgh and Cleveland.)

One thing seemed clear to railroad observers: Almost anybody could have created the passenger network differently, but in view of the limitations placed on Railpax it would have been difficult to create it any better. ■

New $45-million electric railroad is being built in Arizona

The state of Arizona's largest electric generating station will be served by a brand new 78-mile automated electric railway now under construction in right-of-way leased from Navajo and Hopi Indians.

Scheduled to start operations in mid-1974, the Navajo Generating Station will get its coal supplies by delivery over the Black Mesa & Lake Powell Railroad. Three unit trains a day will move 77.9 miles from Black Mesa mine northwest to the power plant, located near Page, Arizona, just south of the Utah border.

The $45-million railroad, being built by Morrison-Knudson, Inc., Boise, Idaho, will feature:

—Three 5,000-hp General Electric locomotives worth $500,000 each;

—An automatic control system with 50kv substation, control stations at each terminal, and overhead catenary power feed to locomotives;

—More than 250,000 concrete ties to support welded rail in 1,400-ft sections;

—At least 83 122-ton hopper cars, exact type as yet undetermined;

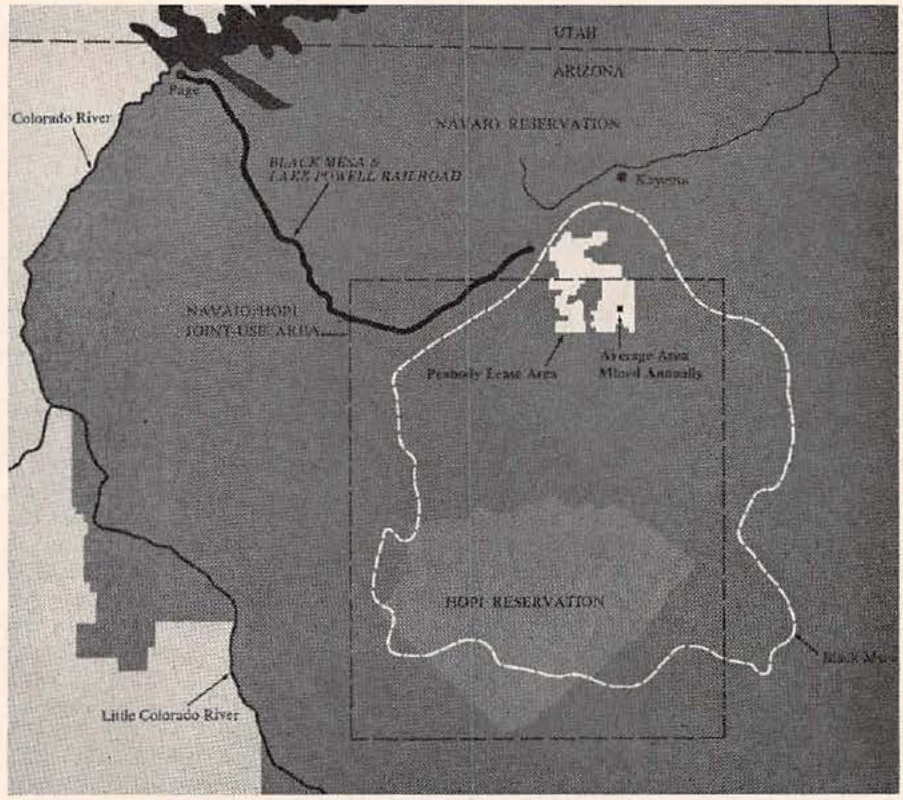
—Hog-wire fence along entire route, with small-enough mesh to keep sheep and small animals off right-of-way, and cattle guards at each of 60 grade crossings (electronic signals at major crossings);

—Underpasses at most important rail-highway intersections, and culverts under track—to let sheep (and small vehicles) cross right-of-way.

● **Downhill for loads.** In true Norfolk & Western fashion, the BM&LP will run downgrade with loaded trains. Elevations range from 7,000 to 4,200 feet. Running time for an 80-car loaded train is an estimated two hours, 20 minutes. Estimated return time will be about two hours. Loaded trains will average 35 mph. Average daily consumption of the plant will be 17,000 tons, with maximum daily consumption of 23,000 tons.

One round trip by a unit train will require an estimated 16,000 kilowatts of power. The train's power will be purchased from the Navajo Tribal Utility Authority. The coal supply for that power will come from Black Mesa mine itself, operated by the Peabody Coal Company on land leased from the Navajo and Hopi tribes.

● **Loading, unloading in motion.** At Black Mesa facilities, trains will be loaded in motion at 1½ mph. Loading time will be one hour and 15 minutes or two and one-half hours, depending on the type of loading facility chosen. Unloading will take about 20 minutes. Trains will be emptied in an enclosed area with a negative-pressure atmosphere. This will prevent spread of coal dust into surrounding atmosphere.



BLACK MESA & LAKE POWELL RAILROAD: Cheaper than a slurry pipeline.

The $45-million price tag on the BM&LP also includes $278,000 for shop equipment consisting of: a 50-ton single-axle drop table; a 54-inch wheel lathe, a 21-inch engine lathe, a three-foot radial drill press, a bench drill press, a power hack saw, electric and acetylene welding equipment, a 10-ton multi-purpose crane, spot repair unit, hydraulic press, and one trackmobile.

And $113,000 is included for maintenance-of-way equipment such as: motor cars and push cars, power and hand tampers, rail drill and saws, air impact wrenches and spike drivers, track liner, time saw, tongs for ties, pickup truck, hand tools, a ¾-ton flat bed truck, and a flat bed truck with seven-ton crane and hoist bed.

● **A regional project.** The $513-million Navajo Power Station will be the third plant built in the Southwest under a plan (Western Energy Supply and Transmission Associates) whereby utilities cooperate in regional planning of generation and transmission facilities—and coordinate investment in such facilities. The result is a plant much bigger than a single utility could need, but a consumer-cost much smaller than a single utility could provide.

Participants in the Navajo project are: Salt River Project, manager; Los Angeles Water and Power department; Arizona Public Service Co., Nevada Power Co., Tucson Gas and Electric Co., and U. S. Bureau of Reclamation.

● **Rail chosen over slurry.** A railroad was chosen over the slurry (pipeline) method used elsewhere in Arizona mainly because of cost savings. The decision for electric power for the railroad was made for the same reason. Electric power, says Les Alexander, Salt River Project associate general manager, will save at least $1 million over 35 years. Environment was also a factor, Alexander says.

The BM&LP will occupy 1,125 acres of land leased from the Indians. Also acquired from the Navajo and Hopi tribes will be 300,000 yards of subballast material.

With construction under way as of February 1971, the railroad is scheduled for completion in late 1972. Rolling stock will be delivered in 1973. Operations are scheduled to start in October 1973.

The BM&LP will have no connections with any other railroad. Material and rolling stock will be trucked 140 miles from the nearest rail station—Santa Fe at Flagstaff, Ariz.

Total capacity of the plant to be supplied by the BM&LP will be 2.31 million kilowatts. The first of three 770-kw generating units will begin operation in June 1974.

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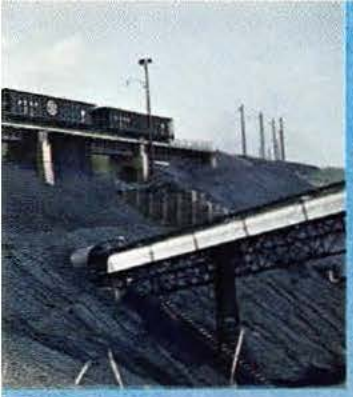

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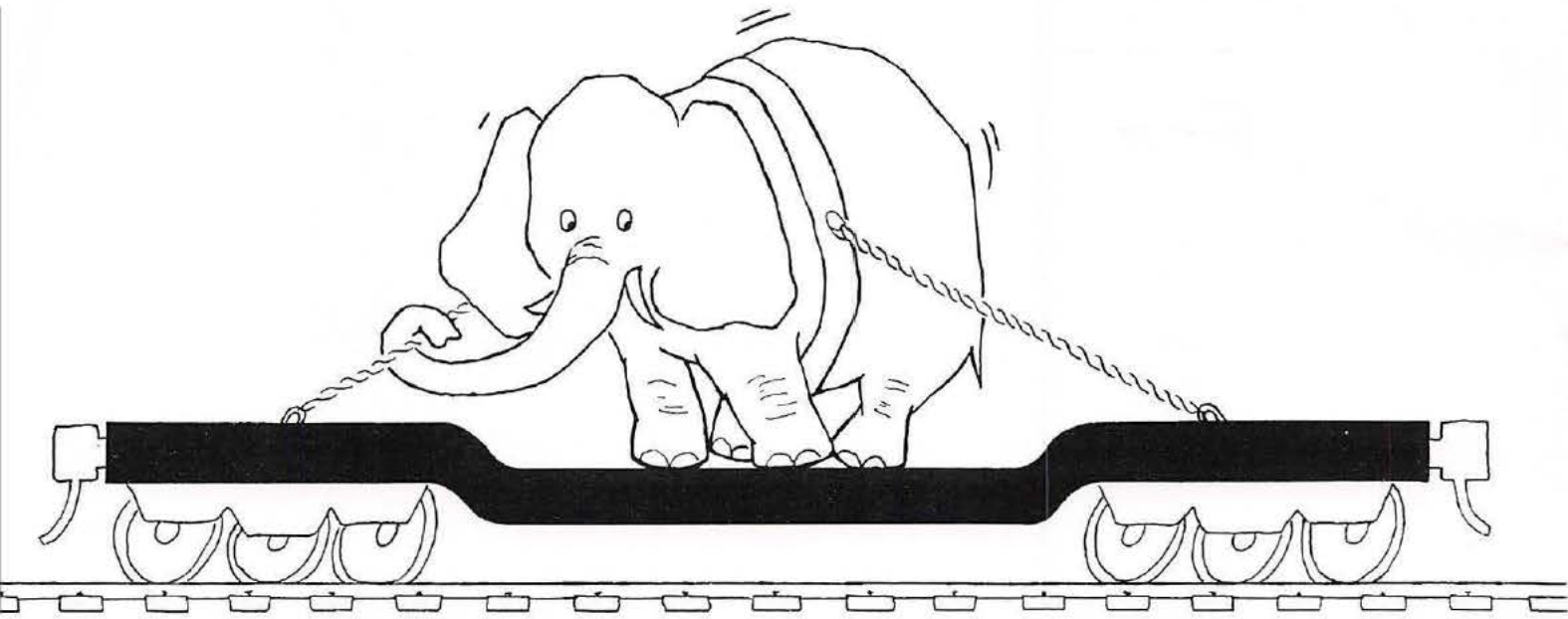

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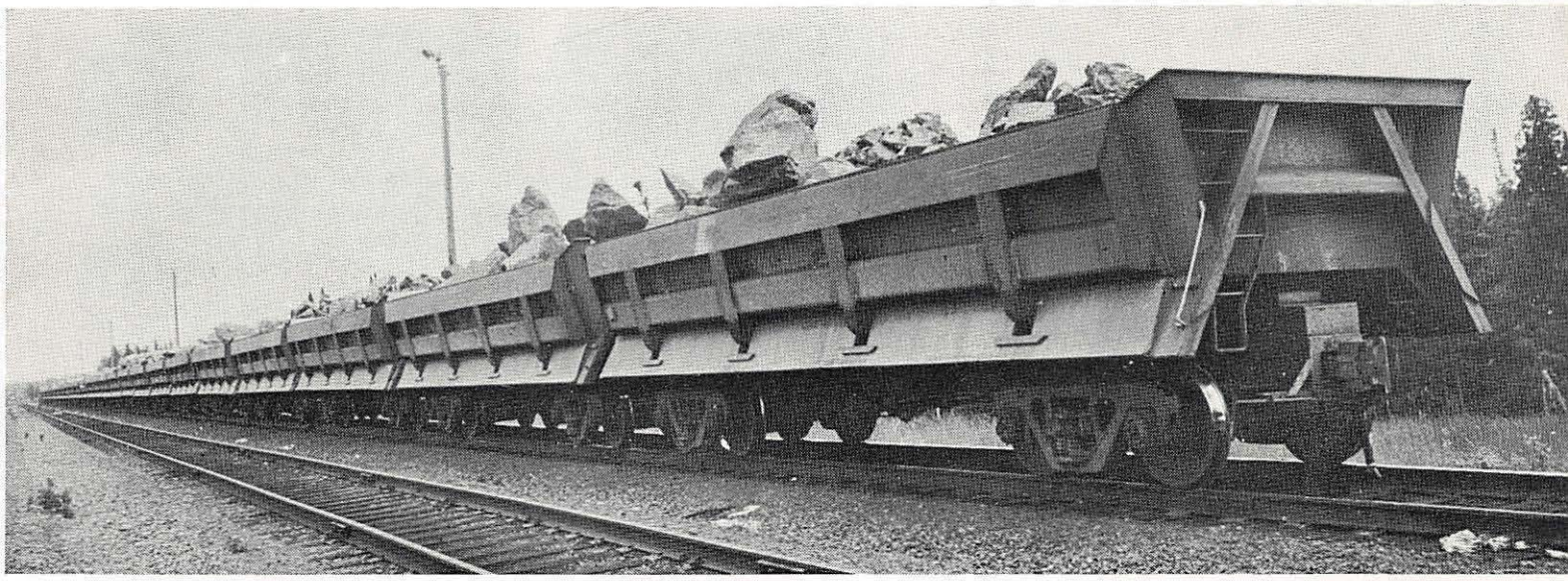

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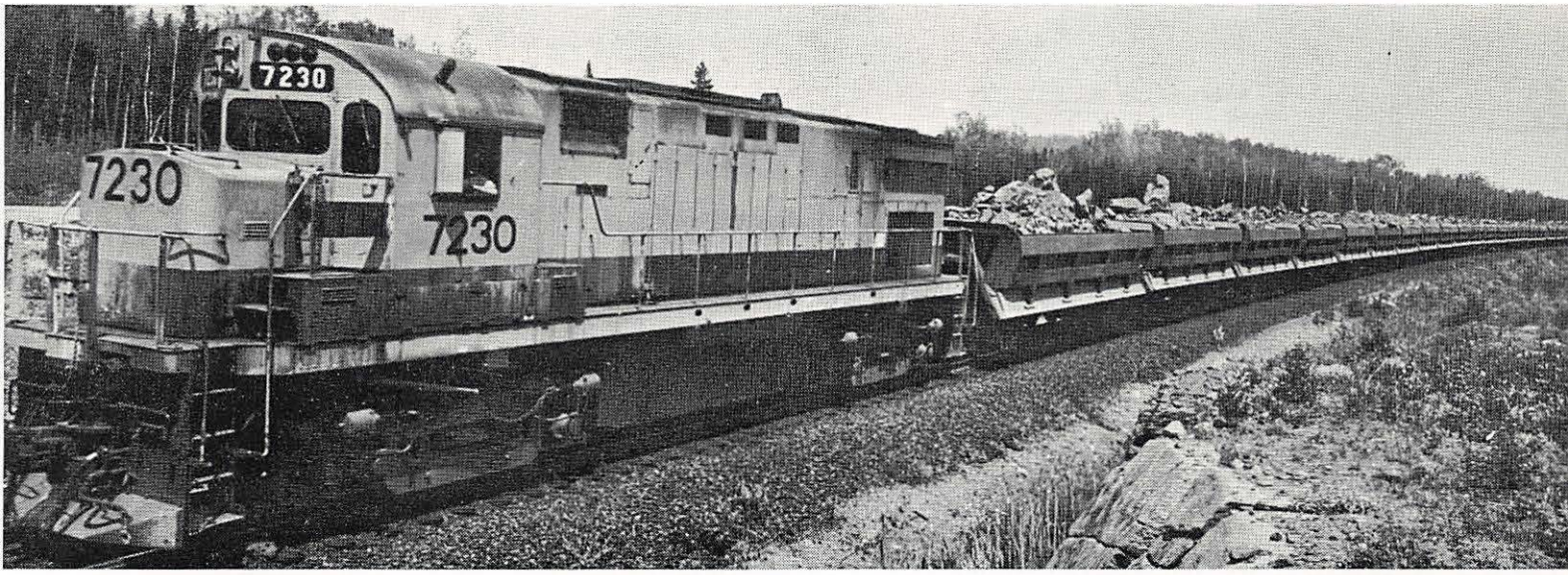

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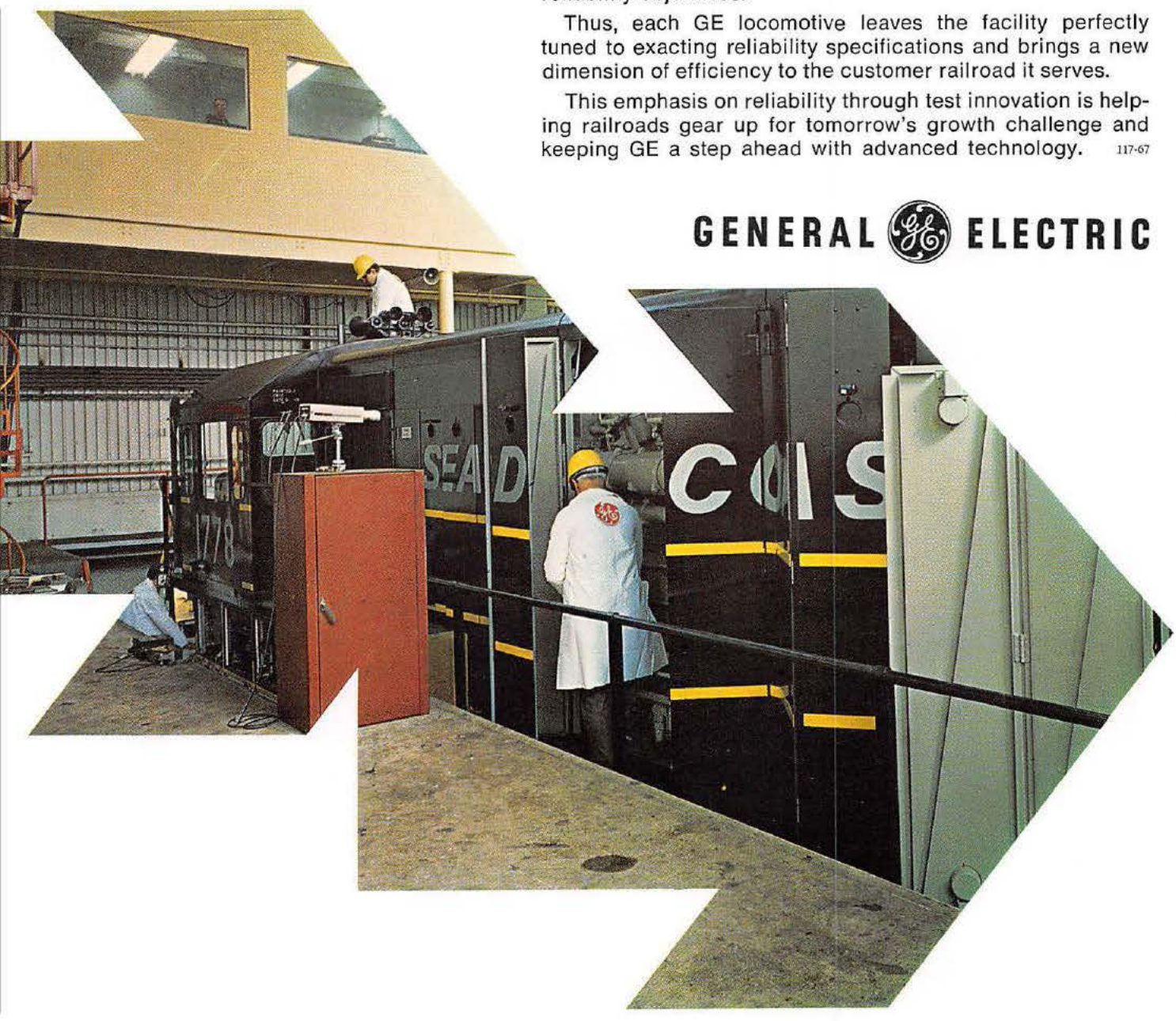

Grand jury probes missing-cars affair

Immediately dubbed the "Great Train Robbery," the alleged theft of a million dollars worth of Penn Central boxcars seized the popular imagination at mid-month.

The case broke March 18 when U.S. Attorney Louis C. Bechtle in Philadelphia said 277 PC boxcars had been reported stolen. He said some had been found repainted and renumbered on the tracks of the LaSalle & Bureau County Railroad, an Illinois carrier with 15 miles of track but with connections to five mainline railroads—PC, IC, C&NW, BN, and the Rock Island.

An unspecified number of the missing cars had been found the same day after FBI agents, armed with subpoenas and search warrants, seized about 100 boxcars and the records of the LS&BC, whose headquarters are in LaSalle, Ill., about 100 miles southwest of Chicago. Waiting Penn Central locomotives hauled the cars away.

The FBI raid was initiated after a formal complaint was filed by PC Assistant Vice President for Auditing Thomas F. Meehan, whose men have been monitoring switching activities on the LS&BC for some time.

Other connecting roads immediately began to check their own fleets.

LS&BC officers denied any wrongdoing.

Not all the seized cars were among those reported stolen, said the FBI. A company called Diversified Properties, Inc., leases LS&BC switching facilities and has a contract with Equitable Life Assurance Society of the U.S., a major PC creditor, to purchase 466 "old and unusable" PC cars for scrapping or rehabilitation, of which 313 have been delivered.

But U.S. Attorney Bechtle said 277 additional cars in good condition also were illegally switched onto LS&BC track. Of these, 215 were repainted with LS&BC markings and sent out onto lines of other carriers. In some cases, he said, the original PC markings were not completely obliterated. Presumably, too, LS&BC collected per diem on the repainted cars.

A Federal grand jury probing organized crime has begun investigating the affair.

LS&BC is owned by the Carus family of LaSalle. They are proprietors of the Carus Chemical Co. The tiny railroad was founded in 1890 to link the Carus plant with mainline service.

Diversified Properties, Inc., is a New Jersey firm. Its principal stockholder is Joseph C. Bonanno of Essex Fells, N.J.

Lines on Labor

GUS WELTY

ANOTHER VOTE FOR ARBITRATION

Provision should be made "for a suitable arsenal of weapons including, where necessary, and with appropriate safeguards, final and binding arbitration machinery." That's the guts of the new Transportation Association of America policy on transport-industry labor disputes—a policy which is vague on the contents of the "arsenal," but quite specific on the ultimate weapon. TAA's directors—representing carriers, transportation users and investors—didn't come easily to their pro-arbitration conclusion. Nor did they ignore the drawbacks to arbitration. In the end, however, they obviously saw no reasonable or workable alternative.

ARBITRATORS WOULD DECIDE WHAT LABOR NOW DECIDES

TAA's soul searching comes through clearly in the observations of the chairman of the association's transport labor committee, Henry E. Seyfarth. Those who accept arbitration, he points out, "lose the right to make the final decision regarding the most important cost of their business. In almost the entire transportation industry, that item is labor. This right is transferred to the arbitrator. However, as matters now stand, the employer's right to make this final decision is a paper right. In fact, organized labor has been making that decision for some time. The advantage of final and binding arbitration is that if the concept is imposed by law, and accepted by labor, the issue of labor increases will be settled without the losses involved in strikes."

ARBITRATION: IS IT NOW "POLITICALLY ATTAINABLE"?

Organized labor, thus far, has been able to beat back every move toward "final and binding arbitration" imposed by law as a permanent thing. Labor's opposition has not softened—and, so far as national politics is concerned, there seems to be no real weakening of labor's strength. But perhaps it's a measure of the seriousness of the situation that TAA's Seyfarth does not regard labor as the controlling factor. On the contrary, he believes that compulsory arbitration is, in fact, "probably the only step in the direction of stability that is politically attainable at this time." Supporting TAA's position is a transportation-industry survey indicating that productivity increases are running well behind labor-cost increases. With the possible exception of the construction industry, TAA notes, "nowhere is the upward cost push of inflationary wage increases more intensified than in the transportation industry." Aggravating the situation, TAA says, are "archaic, restrictive work rules which have been historic barriers to the efficient use of manpower—and the peculiar economic vulnerability of carriers to strikes and the resultant inability to effectively resist inflationary wage demands." And the outlook? "Without restraints—whether self-imposed by organized labor or required by changes in the laws and firmer government action—the outlook is dismal indeed. . . . Although clearly in labor's interest, there is absolutely no evidence to suggest that an exercise of union statesmanship is in the cards. An end to the explosive round of wage increases is nowhere in sight." And is there any chance that improved productivity can offset the cost-push? As TAA found out, no way.

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Circle 35 on coupon page 45

Court delays ruling on selective strikes

Rail management and the United Transportation Union were ready for an appellate court ruling March 22 on the issue of selective vs. nationwide strikes but the court apparently wasn't. With various cases consolidated for consideration—including two cases recently decided in opposing fashion by district judges—both carriers and union seemed primed to go the full route, to the U.S. Supreme Court, depending upon who was the loser before the appeals court.

But March 22 came and went, with the court indicating it would be at least several days before a ruling might be handed down. In the meantime, carrier and UTU negotiators were scheduled to go back to work March 23, at government request.

The various court actions in March created more than a little confusion, at least in the public sector—and maybe that was understandable.

First, U.S. District Judge Barrington D. Parker issued a ruling upholding UTU's right to call a selective strike. A few days later, U.S. District Judge John Pratt granted a preliminary injunction which barred UTU from calling a selective strike.

Two different cases were at issue. Judge Parker's ruling dealt with the fireman-manning dispute and the selective walkouts which UTU staged last July. Judge Pratt's ruling was on the current wage rules dispute, in which UTU had been moving toward strikes against Burlington Northern and Seaboard Coast Line.

Judge Parker took the position that national handling was appropriate in the fireman-manning case. But he rejected the argument that national handling precludes selective striking: "Once the statutory procedures have been exhausted in good faith without agreement, negotiations have legally reached an impasse. Selective strike action then becomes a legitimate economic tool so long as the union continues to seek a national agreement by applying economic pressure on the carriers without seeking to coerce individual carriers into deserting the multi-employer bargaining unit and settling on an individual basis."

Judge Pratt took a different view. Union testimony, he said, conceded that the purpose of the planned selective strikes "was to force SCL and BN to put pressure on their bargaining agent to reach an agreement." Such action, he added, would cripple the struck carriers and leave them powerless to seek legal remedy until a national agreement was negotiated: "We are satisfied that a whipsaw strike for such a purpose violates the Railway Labor Act."

Since a third U. S. district judge had ruled last year in still another case that selective strikes were illegal when bargaining had been on a national basis, that left the legal-lineup standing at one opinion "for" and two opinions "against" the selective strike.

Meanwhile, the Brotherhood of Maintenance of Way Employes, Hotel and Restaurant Employes and Brotherhood of Railway and Airline Clerks were savoring wage agreements that stretch into 1973.

For BMWE and HRE, settlements provide for increases (1971-73) of 4% April 1, 1971; 5% Oct. 1, 1971; 5% April 1 and Oct. 1, 1972; and 25 cents an hour April 1, 1973.

BRAC increases follow the same pattern, except that the 1973 boosts are divided 15 cents an hour Jan. 1 and 10 cents April 1. In addition, the BRAC agreement provides for combining of clerk telegrapher work functions on individual properties, through dovetailing with prior rights, dovetailing without prior rights, or complete merger of the working agreements.

And, while the carriers were settling with BMWE, HRE and BRAC and going to court with UTU, yet another strike threat took shape. This one, from the Brotherhood of Railroad Signalmen, resulted in creation of an emergency board to hear the wage dispute and make its recommendations.

Biaggini: "Hopefully, a turnaround..."

Southern Pacific President Benjamin F. Biaggini in mid-March saw some evidence that a business turnaround might be in the making, but he emphasized that signs of an upturn were, at best, inconclusive.

SP traffic reports showed "some spurt in the automobile business" and "some slight improvement in lumber and plywood and forest products during the last five to six weeks," Biaggini told a gathering of security analysts in New York. "Hopefully, this may be signalling some sort of turnaround in the housing business. If housing does get started, we would see pickups in all of the materials that are related to housing—roofing, plumbing fixtures, appliances, etc."

But during the first two months of the year, said Biaggini, the hoped-for upturn in traffic failed to materialize. While SP freight revenues were up by about 9% during the period, due to rate increases, carloadings were down about 2%, he said.

Menk and Downing move up at BN

In a move designed to open up new opportunities for younger men and to ease his own heavy workload, John M. Budd is stepping down as chairman of Burlington Northern but retaining an active role in BN as director and chairman of the finance committee. His successor as chairman will be Louis W. Menk, with Robert W. Downing succeeding Menk as president and Vice President-Operations N. M. Lorentzsen succeeding Downing as executive vice president. Budd is 63, and has ranked as the dean of railroad chief executives. He became president of Great Northern in 1951, was named chairman of BN and guided the road—successfully, as things turned out—through the initial complications of merger. Menk served as president of three roads—Frisco, Burlington and Northern Pacific—before becoming president of BN. It was he who once referred to BN management as a "troika" of chairman, president and executive vice president.

Ailes to AREA: A pragmatist's view

New AAR President Stephen Ailes made his first appearance before a railroad-association audience at the 1971 meeting of the American Railway Engineering Association in Chicago—and left the strong impression that his administration will be one based on positive thinking.

Ailes touched on a number of problems facing the industry—in labor relations, in the need for government cooperation, in the fact that rail revenues have not kept pace with national growth. He also pointed to a number of potentially positive elements including Railpax, forecasts of traffic growth in the remaining years of the century, and even a short range forecast that 1971 may show some improvement over 1970. He left AREA with a pragmatist's challenge: The better job railroads do to help themselves, the more cooperation they can expect from Congress.

New President of AREA is Allen L. Sams, vice president and chief engineer, Illinois Central, and the latest in a long line of IC engineering officers to hold AREA's top job. R. M. Brown, chief engineer, Union Pacific, becomes senior vice president; D. V. Sartore, chief engineer, design, Burlington Northern, becomes junior vice president.

Watching Washington

REID BEDDOW

INGRAM AT FRA

The appointment of Illinois Central Vice President for Marketing John W. Ingram as FRA Administrator will be announced this week. Ingram himself has already put in some desk time at FRA in anticipation of the event. The top job at FRA now has been vacant nine months, ever since Reginald N. Whitman last year became Katy president. In the interim, the post has been ably filled by Acting Administrator Carl V. Lyon, who deserves praise for his quiet competence while knowing that DOT Secretary John A. Volpe sought another candidate for the position.

One can imagine no other major industry so silently enduring the absence of permanent representation in high government circles. While strongly endorsing Ingram, railroad men are not inclined to give the Administration very high marks in its handling of Ingram's appointment, particularly in view of the tardiness with which FBI and political clearance apparently was ordered. Indeed, one source said DOT "forgot" to forward the papers on Ingram's nomination to the White House. As for Lyon, who holds the permanent post of deputy FRA administrator, it is said he will go to Railpax as its vice president for governmental affairs.

A MAN OF MANY PARTS

Ingram brings impressive credentials to FRA. He organized Illinois Central's first marketing effort. One of his best-publicized accomplishments has been Rent-A-Train (the recent suspension of which resulted from the corn blight, not any inherent weakness in the concept itself which has been widely hailed as a brilliant marketing innovation). Among numerous other services involving cost, service and/or hardware innovation, Ingram's department created the experimental Sludge Train for hauling waste from Chicago to mid-Illinois farmlands.

Ingram was also a moving force behind creation of the IC/United Transportation Union JOBS Commission.

A graduate of Syracuse University (B.S. in Business Administration, 1952) and the Columbia Graduate School of Business (M.S. in transport economics, 1955), Ingram joined the New York Central in 1955, and became director of profit analysis; from 1961 to 1966 he served the Southern as director of cost and price analysis. He went to IC in 1966. He originated NYC's cost-finding system. At the Southern, he organized economic and cost strategy for 44 cases for the ICC, (including the Big John case) and various state commissions. He didn't lose a case.

ASTRO HEARINGS DUE

Ingram takes over FRA at a propitious time. Hearings on rails' ASTRO proposals are scheduled March 30, 31 and April 1 before the Senate Surface Transportation Subcommittee. DOT will appear, to offer proposals of its own. One such proposal, indicates DOT Assistant Secretary Charles Baker, will be legislation granting DOT authority to issue $500 million in loan guarantees for railroads in reorganization. This would be on top of the $125 million in loan guarantees Congress approved last year.

Fighting inflation: How PA's can help

What can a purchasing department do to help counter the evils of inflation? Plenty, as Southern Pacific's Alan D. DeMoss sees things. DeMoss, vice president-purchasing, notes "the obvious responsibility to obtain advantages in price, discounts, financing, freight and delivery, service, quality, warranty." He concentrates on three other points:

—Minimizing inventory.

—Acting "as a catalyst between engineers and suppliers to provide materials and equipment with explicit productivity gains."

—Securing the lines of supply "against all enemies from within and without."

In the 1950s, he told a recent Pacific Railway Club meeting, SP's materials/supplies inventory added up to about $35 million. With an inflation factor figured in, that inventory today would be valued at about $42 million—and the annual (interest) service burden would be approximately $2.5 million. Actually, however, SP's present inventory totals only about $19.5 million, "notwithstanding the fact that the railroad is handling one-and-a-half times the ton-miles of traffic and its subsidiary companies are larger and more numerous." Computer-control of $35 million of SP's $150-million annual maintenance/repair/operations material purchases is one factor helping to cut inventory; stockless-purchasing, involving expenditures of about $15 million, is another.

The role of the purchasing agent as catalyst, DeMoss says, "might be illustrated by one example: Our engineers are concerned about the number of derailments caused by broken freight-car wheels. They prepared rigid specifications for manufacturers' test of new wheels, including ultrasonic and wet magnetic particle testing. These tests went beyond most manufacturers' specs as well as those of the AAR. Since additional manhours and fixed facilities are required, you can well imagine the reluctance of a manufacturer to perform this service for one railroad. However, by gentle persuasion from the purchasing department, to date five out of six suppliers have complied with the test, and the sixth is giving serious consideration to the proposal."

SP's Alan D. DeMoss

DeMoss takes a similarly-firm approach to conservation of materials and supplies—through prevention of "spillage, spoilage, vandalism, obsolescence and just plain thievery." With reduction in inventory, of course, certain of these problems are reduced. And, he says, "to protect against other losses, we have borrowed a page out of the internal auditor's book in devising means for monitoring and protecting purchases against fraudulent activity." As one example: Each one of 7,000 standing orders is monitored, "not only by computer but also by material managers in the field who visit the using department and the supplier with a checklist designed to insure that we are obtaining the best price, delivery, discount and other terms which we require."

BN says "Thanks" for a community's help

The 50 youngsters attending school at McKenzie, N.D., have a much improved audio-visual program these days—thanks to Burlington Northern and to the kindness of the people of McKenzie (population 200). Last Jan. 5, a BN passenger train derailed at McKenzie. No one was injured, but there was a delay—in sub-zero weather—while other equipment was brought to the scene. In the meantime, residents of McKenzie did the hot-food-and-coffee bit for the 137 passengers and even drove some to Bismarck (to the airport). The hospitality impressed both the passengers and BN. BN decided to do something, a survey of the townspeople was made—and their most-wanted item turned out to be a good motion-picture projector for the school. BN got the projector, scheduled a presentation—and added a special touch: A documentary film saluting the tiny community, prepared by BN.

Rail-truck-barge axe to be buried?

"Beware of trucks bearing gifts," was the acerbic reaction of one railroad men to news that truckers, in the person of American Trucking Associations President William A. Bresnahan, were apparently offering an olive branch to rails on forthcoming legislation affecting U.S. transportation.

Nevertheless, rails reciprocated to the peace feelers via a response by ASTRO General Counsel George A. Smathers—a response which, it has been learned, he intends to repeat again and with greater emphasis. The feeling thus is growing in Washington that railroad and truck interests, joined by barges, seemed to be groping towards a unified position on a new national transportation policy covering rate and other practices of domestic surface carriers.

Here is the sequence of the olive branch waving:

—On March 11, addressing the Chicago Traffic Club, ATA President Bresnahan called upon rails and "all others interested in a sound transportation system" to join forces in a "cooperative and constructive dialogue" that for starters, he suggested, could lead to:

- Changes in archaic labor work rules.
- Swifter procedures by the ICC for abandonment of excess rail trackage.
- Repeal of Section 22 of the Interstate Commerce Act (which exempts the U.S. Government from rates applied to other shippers).
- Reinstatement of the investment tax credit.

There is a "rather general impression that there exists between us (rails and trucks) a cat-and-dog relationship which dictates that one automatically is against anything the other is for, and which precludes any cooperation in a joint effort for the common good," asserted Bresnahan.

(The same day Bresnahan spoke, ATA Vice President and General Counsel Peter T. Beardsley, at a University of Louisville transportation seminar, criticized ASTRO for attempting to raid the Highway Trust fund for rails' benefit.)

A cat-and-dog relationship is not the case at all, maintained Bresnahan.

As examples of rail-truck cooperation over the years, he cited that trucks had never intervened in ICC rail merger proceedings; he cited opposition of both modes to unregulated common carriage by farm cooperatives—subsequently forbade by legislation; the hands-off attitude of trucks to last year's railroad loan guarantees (note

here that both modes always cite as a virtue the times they abstained from opposing each other's pet; the rail virtue being that the industry took no position on truckers' long-sought increase in truck size and weights); and joint support of both for retention of the investment tax credit, minimization of the burden of withholding state taxes of employees engaged in multi-state operations, and mutually advantageous transportation provisions in legislation setting up the new U.S. Postal Service.

But Bresnahan warned against a "variety of proposals" which could "only lead to senseless and bloody battles within the transportation community—battles which would obscure if not destroy a great opportunity for cooperative and constructive action.

"We have been down that dead-end road too many times in the past," he declared. "Bloody battles," presumably, was an allusion to common ownership, diversion of Highway Trust Fund monies to non-highway use, and a drastic change in the status of ICC.

—On March 11, at the same University of Louisville seminar, John A. Creedy, president of the Water Transportation Association, said he believed all three transportation modes would be able to settle quickly on policies in which there is common interest and that it should also be possible to resolve problems which vitally affect one mode and have little concern to another.

—On March 17, before an audience of Cleveland shippers, ASTRO General Counsel Smathers indicated his belief that a "community of common interest" was beginning to show itself among railroaders, truckers, and others.

"We are all beset by many of the same problems," he declared, "all are plagued by sharply rising labor and other costs; the need for massive expansion and improvement to meet the country's future transportation demand is likewise universal; and no regulated carrier finds it possible to implement rapidly those decisions which a management must be free to make if it is to approach peak operating efficiency. Of course, our problems are precisely the same. Different solutions at times may be required, but there are many basic approaches which can be followed by all."

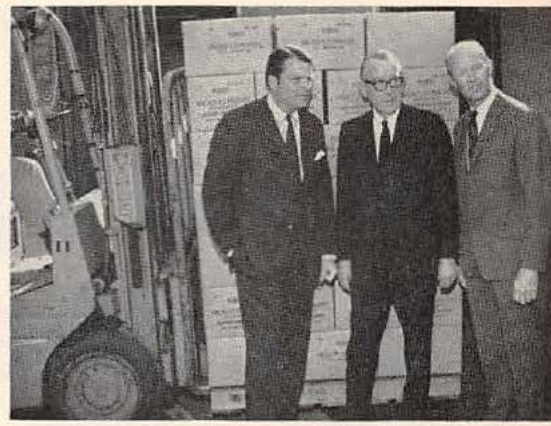
Many observers have been predicting such intermodal harmony for some time. What was surprising about the statements is that truckers made the initial public overture. It was thought the trucking "old guard" would keep ATA policy on a hard line despite the opinions of such "moderates" as Mark Robeson, president of Yellow Freight System of Kansas City, Mo., and a former ATA board chairman.

Food exporters use rail as land-bridge

To take advantage of lower marine shipping rates available at Gulf ports, two California exporters have test-shipped a carload of canned fruit from San Jose to Galveston via Southern Pacific rails. At Galveston, the three 20-ft sealed steel containers were transloaded from a railroad flatcar to an American flag vessel due to sail March 18 for Antwerp, Belgium.

Southern Pacific Marine Transport Inc., a subsidiary of Southern Pacific Transportation Co., arranged the experimental shipment—on a single through bill of lading from San Jose to Antwerp—for California Valley Exports, a marketing organization jointly owned by California Canners and Growers and Tri/Valley Growers.

The California-based processing cooperatives together account for nearly half of California canned fruit shipments to Europe. Already hampered by high ocean freight rates in marketing



their products in Europe, they faced an additional 15% rate increase on April 15. It was then that they decided to try to reduce their competitive handicap by land-bridging shipments to Galveston.

Present at the test loading (photo) were B. W. B. Jahncke of Lykes Brothers Steamship Co., the marine carrier; J. D. Burnett, manager of marketing, Southern Pacific Marine Transport; and P. A. Rideout, California Valley Exports.

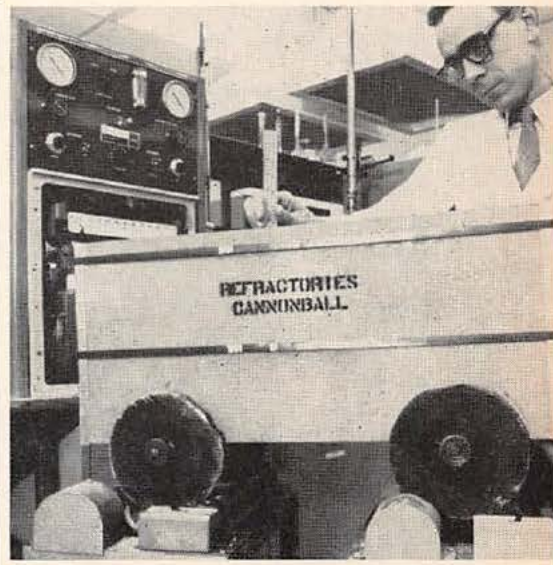
New Kaiser product can ride in box cars

The "Refractories Cannonball" has proved to Kaiser Refractories, a division of Kaiser Aluminum and Chemical Corp., that a new refractory material can be shipped in a railroad box car without breaking down.

The "Cannonball" is a box-like contraption built by scientists at Kaiser Aluminum's Center for Technology in Pleasanton, Calif. It never left the laboratory in which the experiment began. "We had a product that we were uncertain would ship by rail," says D. E. Paul, a chemical engineer in charge of the project. "It was important to know not only how well it would stay intact, but also how it would hold up in loading and unloading."

The answer to the first question was provided by the "Cannonball," a wooden model railroad box car. The model—30 in. long by 9½ in. wide and 12 in. high—had 8-in.-diameter wheels, each with two flat spots. "We wanted it to bump along like the real thing when set on two 'jar mill' rolls," explains Paul. The "Cannonball's" wheels turned at a rate of 32 rpm, jogging its 80 lb of refractory cargo precisely at the rate of 256 bumps a minute. After 10 hours, and a few minor derailments, the test ended.

When simulating loading and unloading, the scientists poured the refractory material into an empty 55-gallon drum from heights of 10 and 20



ft. "No problem with the product," according to Paul, "but our technicians had a hard time hitting the opening in the drum."

Suburbs form new transit district

Milwaukee Road's Project Transi-plan has its first accomplishment—formation of the Northwest Suburban Mass Transit District by 11 communities along the road's Chicago-Elgin commuter line. A similar district is expected to be set up later this year by suburbs along Milwaukee's line north from Chicago.

PENN CENTRAL'S WILLIAM H. MOORE:

"We are going to make it"

"We are on the road back . . .

A few days before he quit the executive vice presidency of the Southern Railway to become president and chief executive officer of the Penn Central Transportation Co., then already two months into bankruptcy, William H. Moore told Railway Age: "I am anxious and ready to meet the challenge." Penn Central had to be turned around, said Moore with feeling, not only for its own good, but for the very survival of the industry. How did he view his chances? Said Moore: "You'd better come back and ask me that in six months."

Railway Age did go back. This is what Moore had to say about a half-year that he described as "the most exciting and rewarding of my career."

Q. Mr. Moore, when you came to Penn Central six months ago you expressed the hope that the railroad could be turned around in four to five years. How do you feel today?

A. There is no question about it, we are on the road back. We are going to make it. We don't have to say that our service has improved—our customers are saying it for us. Taking these service improvements into account, plus the operating economies we have effected—taking into account also the proposals which the trustees are formulating to cope with certain problems which are outside of the immediate control of management—considering all of these things, and given the continued understanding and support of the various governments we deal with, I am even more confident now than I was six months ago that this property will be turned around. What we need right now is volume; and that will come with any general economic upturn. Let me say that these have been the most exciting and rewarding six months of my career.

Of course, you pay off on results—in the lower right hand corner. We have told the court that we will have a net income loss of, I believe, $188 million this year, on a fully allocated basis. That will compare with something over $300 million for 1970. Even though that's a tremendous loss, it is also a tremendous improvement over last year. And we hope to do better. Right now we are in line with our financial plan for this year.

Q. What was the service picture when you arrived?

A. Service on the Penn Central prior to Sept. 1, 1970, was quite unsatisfactory, causing numerous complaints from shippers and receivers of freight. In fact, service was so bad other railroads were concerned about it.

Q. What is the situation now?

A. The situation has changed so dramatically that we are now receiving relatively few complaints and are probably receiving more unsolicited compliments than complaints. For the past six months we have shown a 12% improvement in car days consumed per load handled. Car days per load reflect effectiveness in expediting the movement of the total on-line fleet. The car days on line indicate the reduced dependency on other carriers for our fleet requirements.

In addition, we would estimate from figures available that empties are moving in about half the time that they did last year.

More importantly, the incidents which reflect extremely poor handling with tremendous delays are infrequent today, whereas complaints about this type of handling were quite numerous last spring.

One of the most exact measurements we have as to our improvement in performance is the number of cars on line to perform a certain amount of work. During the last 15 days of December 1970, we originated and received from connections almost identically the same number of loads as in the same period of 1969. Yet, on Jan. 1, 1971, we had over 16,000 fewer cars on line. During the first part of this January, we handled more freight than in January last year, but on Jan. 15, 1971, we had 12,000 fewer box cars on line, 1,000 fewer covered hoppers and 6,600 fewer gondolas. Needless to say this reflects quickly in your per-diem.

Q. Were the weather conditions comparable in those two winter periods?

A. I wasn't on the property last year, but the best yardstick I have for gauging this winter against last winter is the money we spent on snow removal. Up until March 1 we had spent about $700,000 less this year than we spent last year fighting snow. (Incidentally, these snow storms up in New York along the lake front cost us $50,000 a day just in snow removal costs.) In any case, we know for a fact that we have done a much better job moving the freight this winter than we did last winter.

Q. What has been done to bring about this improvement?

the red and green teams . . . are things of the past"

A. In the first place, I had it understood that we were going to provide service and that no excuses were going to be accepted for failure. Operating people continually are forced to make decisions involving the movement of traffic. Sometimes they think they are saving money by not moving cars currently, but usually, this is false economy. I have made it clear that all traffic must move promptly and efficiently, and everyone of our operating people now understands this.

Secondly, I have tried to give our people some of the tools they needed to do a better job. When I came to Penn Central, we had problems with trains being held for locomotives and cabooses. In spite of our financial condition, we managed to acquire 137 new locomotives and to reduce the number of units out of service. Also, we purchased 50 new cabooses and stepped up our program for shopping existing ones so as to minimize delays from this problem.

Thirdly, we set up a system, which I am sure you have already heard about, in which any service problems are channeled directly from our salesmen to Ed Kreyling [vice president-sales and marketing], who, in turn, reviews them with Bruce Addington [vice president-operation] and me. I am insisting that positive corrective action be taken in each case. I have told our people that I do not want to hear about the same problems again—by this I mean I want them fixed the first time.

Lastly, I have realigned our operating organization to get all of our officers more deeply involved in actual operations. These men are finding out what our problems really are and getting them fixed. In short our operating vice president, general manager, superintendents, and trainmasters are out on the railroad, and that's where they belong—not in their offices.

Q. You have held meetings with employees at many Penn Central cities. How do you appraise the morale factor at this time?

A. In the first three to four months, we went to some 12 to 15 key locations and held meetings with the employees and their families. In that time we spoke to some 12,000 to 16,000 of our employees. I made a brief talk to them about our problems and requested their assistance in getting Penn Central back on the track and told them how we planned to go about it. Then I let them fire questions. It's a pretty big undertaking when you expose yourself in this way to as many as 1,500 people at one time. But we came out great.

Q. You also met with shippers . . .

A. We held luncheons with shippers in these same key locations. I explained to them the problems we had and what I thought we should do about them and I asked for their cooperation in helping to get the job done. I particularly asked them to give back the business that they had taken away from us when we did such a poor job handling it.

Q. Early in the merger, the incompatability of former New York Central computers with those of the former Pennsylvania was said to be a major cause of service failures. How has this been resolved?

A. During early 1968, when the properties were merged, car tracing was performed on two different computers. This required car tracers to sometimes query two machines in order to determine the location of a specific car. As the operations merger plan was implemented, reporting procedures were changed to facilitate a common car location information file.

In the second half of 1968, field reportings from the two former properties were combined into a single computer system which provided one procedure for tracing cars. Since the second half of 1968, the data bases and the reports which use them have treated the two properties as one common system.

Currently under development is an on-line transportation and freight billing system, which will provide more timely and accurate information to insure effective car movement and aid in the distribution of proper equipment to customers. More timely information will be available to our customers and to our yard, sales and system transportation and car distribution officers. This system will incorporate a uniform data communications network in Philadelphia with real-time computers for processing car movement and waybill information. What I'm saying is that we are going to a real-time computer system on Penn Central. We're late in getting it accomplished.

Q. Have there been any service problems resulting from differing operating practices of former PRR and former NYC first-line supervisors?

A. I don't think there have been any recent problems. All of our supervisors today are thoroughly Penn Central—the "red" and "green" are things of the past.

Q. Can you trace any traffic which has returned to Penn Central as a result of your service improvement program?

A. If we were to try to develop a list of traffic being returned to the Penn Central, it would be very difficult to do and would be somewhat misleading. The improvements are coming from a wide number of sources. Many customers are involved and many movements, a lot of them rather small ones. Together, though, they account for the fact that during the first eight weeks of 1971 we had a .06% increase in cars loaded or received from connections, while the best performance of the other four large carriers in the East was a decrease of 4%. This is particularly true of cars received from connections, where our increase in eight weeks was 2.9% while our closest competitor had a decrease of 5.9%.

We think that some of the reduction in receipts from connections by other carriers in the East is a direct result of our ability to solicit longer hauls. We were being short hauled to penalize us for our failures with respect to traffic that had to be moved on the Penn Central. The improved service has given our salesmen an opportunity to emphasize the long haul with some expectation of success.

Q. Does Penn Central have an adequate supply of freight cars and locomotives to handle any increase in volume resulting from an economic upturn?

A. We can absorb a substantial increase in volume with our present freight-car and locomotive fleet by virtue of steps we have taken to improve the availability and utilization of cars and locomotives. We also plan to acquire some additional new locomotives and cars during the latter part of this year, assuming arrangements can be worked out for their financing.

Q. What are your plans for upgrading, expanding and maintaining your rolling stock?

A. We are already carrying forward plans for repairing and upgrading 20,000 freight cars in 1971. The bad order ratio is presently 7.4%. We hope to get that down to 4% this year.

Our plans were for the acquisition of over 7,000 new freight cars costing $123.4 million in 1971. These plans may not be fulfilled because financing has not yet been arranged, and meanwhile our traffic volume in the first quarter is running below our earlier estimates. But just in the last few days we have seen some real interest displayed by some of the carbuilders in building and leasing us cars. I hope to see some of this come to fruition in the next few weeks. [On March 16, Penn Central trustees asked U.S. District Court for authority to lease 1,000 new box cars from ACF Industries.]

Q. Is the condition of Penn Central's track and roadbed such that your trains can be operated at optimum tonnage and speed?

A. Out of 40,000 miles of trackage, the system presently has a total of 3,800 miles of this track slow ordered; 1,300 miles of this total is on our main traffic routes and 2,500 miles are on branch lines. So obviously, all of our trains cannot be operated at optimum tonnage and speed.

I would like to point out that a slow order, even though the name sounds bad and we certainly don't like slow orders, is not as bad as it might appear on the surface. Many of our slow orders are reducing speeds from 70 mph to 60 or 50 mph.

One thing that has pleased me the most on Penn Central is to see that track maintenance was not as bad as I had been led to believe it was. There isn't any track in the United States as good as Penn Central's main tracks from New York to Washington, and we have other trackage that is equally good.

In fact, it seems to me that some of our track standards may have been too high. We have some track on this property that is overly maintained. There has been the feeling here that

Shippers look at the new Penn Central—and they

Frank Breslin, manager traffic operations of the Packaged Products Division, Scott Paper Co., Philadelphia, thinks that one of the most important things Bill Moore brought to Penn Central was his own strong feeling of confidence that the railroad *could* be turned around.

"There are many good people at Penn Central who share this confidence," says Breslin. "They needed someone like Bill Moore to reinforce it and put it to work for the railroad."

Breslin, whose company gives the railroad about 40,000 carloads of traffic a year, thinks the survival of Penn Central is of the utmost importance—not only to Scott Paper but to all shippers and all railroads: "At Scott, we feel very strongly that this country needs a healthy railroad industry and we are supporting corrective actions to improve their position."

Scott never diverted traffic from Penn Central during the carrier's period of greatest crisis, nor did it withhold payments from the railroad, says Breslin. "We simply followed our usual way of doing business with the railroad. We sat down with the Penn Central people and said, in effect, 'We're not in the transportation business—we're in the paper business! Therefore, it's up to you to help us work out our distribution problems. This is what we need—tell us if you can meet these needs.' We always made it clear that whatever their answer was, we expected them to live up to it. We do not ask for miracles—just for well-considered commitments that can be kept."

Adds Breslin: "For us, at least, the approach seemed to work. Our service was never as bad as we read in the papers."

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Says J. S. Wilson, traffic manager of the distribution division, Atlantic Cement, Stamford, Conn.: "Our service was always fairly good—certainly never as bad as the newspaper reports indicated. When a switching problem did arise a few weeks ago, a call to Bill Moore corrected it very quickly."

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One big customer that did divert traffic from the Penn Central was the U.S. Department of Defense. "Delays were running anywhere from five days to two weeks," recalls Vincent Caputo, DOD's director of transportation. As a result, the Pentagon shifted traffic.

But Caputo has seen firm improvement in the last six months. Since Moore joined the railroad, its DOD traffic has increased by 8% to 9%, says Caputo. (While Caputo is unable to pinpoint the precise tonnage of DOD traffic moving on Penn Central, he notes that, all told, the Pentagon moves about 2-3 million tons in the Northeast per month.)

everything has to be the biggest, the best, the finest. The rail has to be the heaviest—152 pound; 100-pound rail is regarded as being just awful. Well, that depends on the traffic density. We seem to have bought every different weight of rail that has been made, six or eight different weights.

Q. What is your track program for the next two years?

A. Our proposed 1971 maintenance program will remove approximately 1,630 miles of the presently existing slow orders. If the maintenance program holds constant for 1972, we should be able to remove a like amount in that year.

Q. The trustees have told the court that about 4,000 miles of line have already been identified as redundant, and that another 4,000 miles in all likelihood should eventually be cut off . . .

A. We certainly have too much railroad. We have made practically no progress on track abandonments until the last few months, but we are going to move right ahead. We have already identified 3,500 miles of light-density line for abandonment, and analysis of another 2,600 miles is now getting under way.

I strongly question the need for three and four tracks all the way from here [Philadelphia] to Pittsburgh. We have a study going on right now to put in CTC between here and Pittsburgh, and also between New York and Washington. The resulting economies would pay for this CTC program in pretty quick order. We have block operators every eight or 10 miles from New York to Washington, with each one controlling just his bailiwick. I see no reason why every bit of this could not be done from Philadelphia.

Q. Will there be other signaling changes?

A. We have gotten Federal clearance for elimination of the former NYC's automatic train stop system and it was accomplished in relatively short time. That is going to produce a tremendous improvement in locomotive utilization, if nothing else. We no longer have to keep specific locomotives on that part of the railroad. Now we are going to move for elmination of PRR cab signals. We probably will have to keep them on the New York—Washington line, but we have other routes where they make absolutely no contribution to safety.

Q. Does Penn Central's investment in terminal lines and yard facilities in the Chicago area preclude greater direct interchange with western railroads?

A. No. We have direct connections with every important railroad in the Chicago area, and we have westbound direct delivery trains via these direct connections. Eastbound, most of our traffic is handled via direct delivery

like what they see

W. R. Buck, traffic manager of Corn Industrial CPC International (formerly Refined Syrup & Sugars), Yonkers, N.Y., finds a heartening change in attitude at Penn Central.

"Today they listen—they actually seem to want the business," says Buck. "They go right to the heart of the problem. The cooperation is good. You get an answer right away.

"When they give you an estimate of traffic time today, it is more realistic. This means that we can plan our own schedules. They used to promise four-day service on a particular move. Now, if it is going to be six days, they will tell you six days.

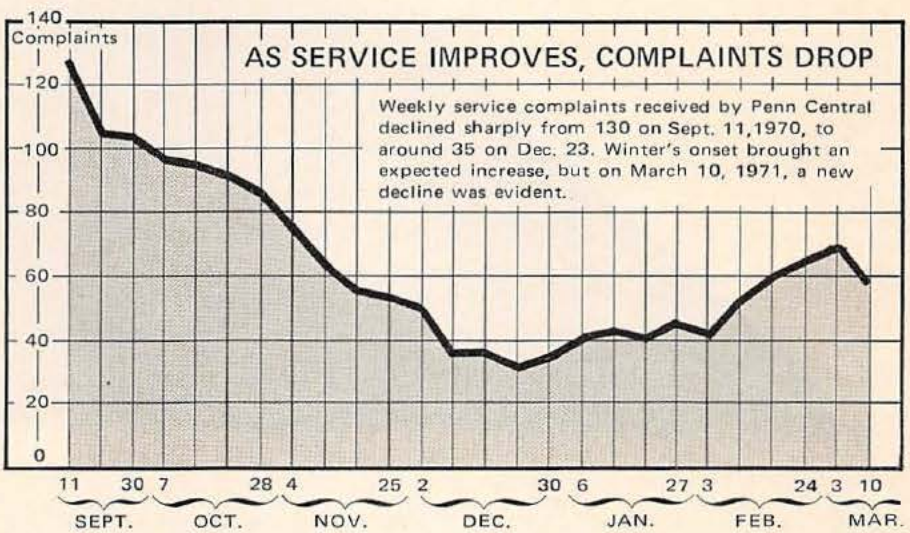
"While service still isn't the ultimate, it has improved. They are really going in the right direction."

Buck adds: "I am especially impressed with Bill Moore. I met him at a traffic club dinner. He treated me as if I were his most important customer. Now I know we are not that big. But that's the way he comes across.

"They are really trying to do a job at Penn Central. They are listening—and acting."

●

At Morton Salt, Chicago, General Traffic Manager C. F. Forgue and his staff have seen marked service improvement—due, they believe, to several things, including the yard consolidations PC has made, its efforts to "get the right people into the right jobs," and the simple fact that the 1970-71 winter has been milder than the 1969-70 winter.


AS SERVICE IMPROVES, COMPLAINTS DROP
Weekly service complaints received by Penn Central declined sharply from 130 on Sept. 11,1970, to around 35 on Dec. 23. Winter's onset brought an expected increase, but on March 10, 1971, a new decline was evident.
Complaints
140
120
100
80
60
40
20
0
11 30 7 28 4 25 2 30 6 27 3 24 3 10
SEPT. OCT. NOV. DEC. JAN. FEB. MAR.

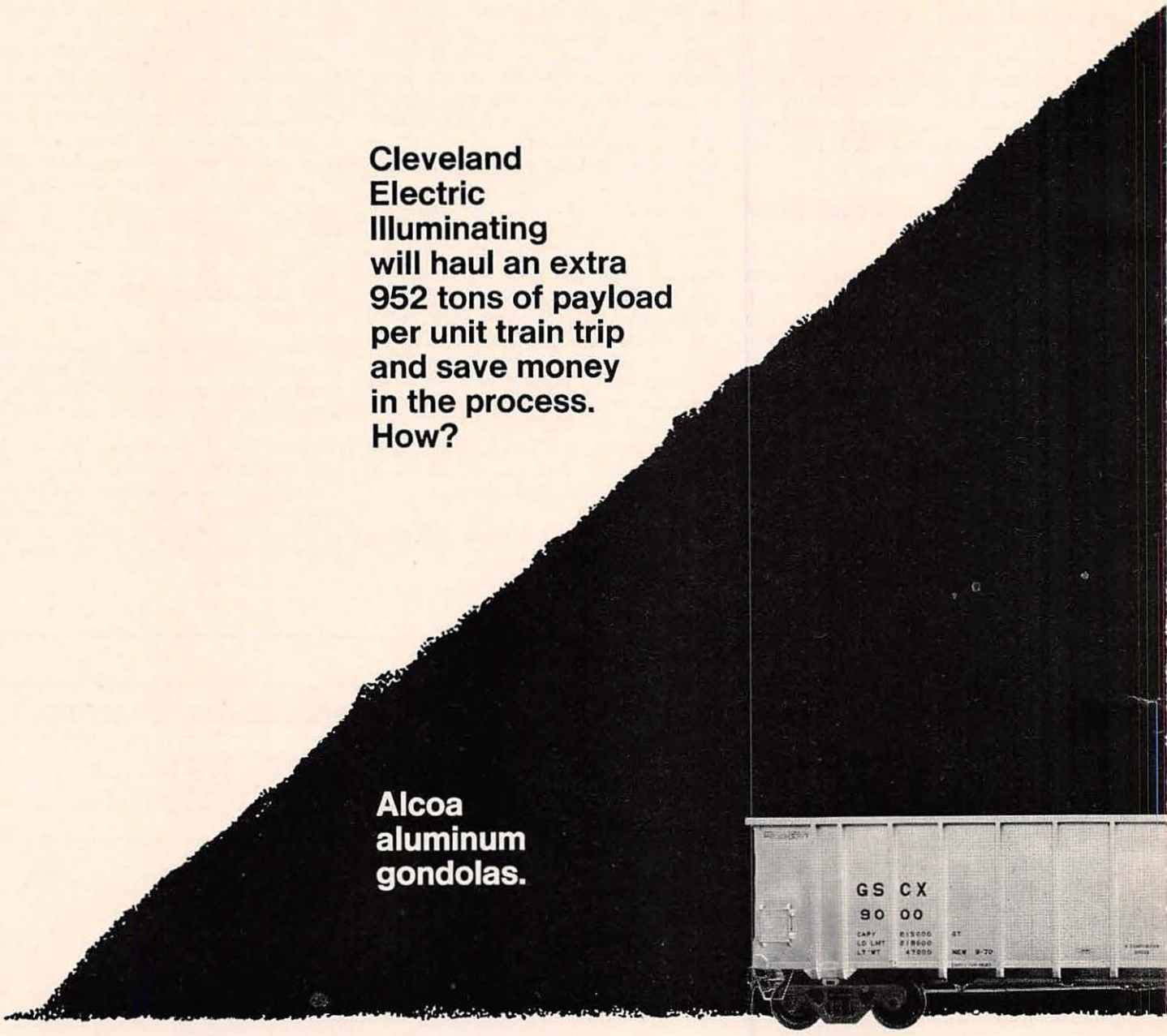
The key move Morton's people point to is ice-control salt, originating on PC's mainline at Painesville, Ohio. This moves primarily in Morton's 100-ton covered hopper cars—and, while the fleet in the past had averaged a trip-and-a-half per month in the September/October/November period, the trip average last November climbed to 2.2.

"During the first year of merger, we were pulling our hair out every day," recalls one Morton man. But starting last spring, "They started being able to get things done." Morton's pat on the back goes to PC's freight-service-control people.

●

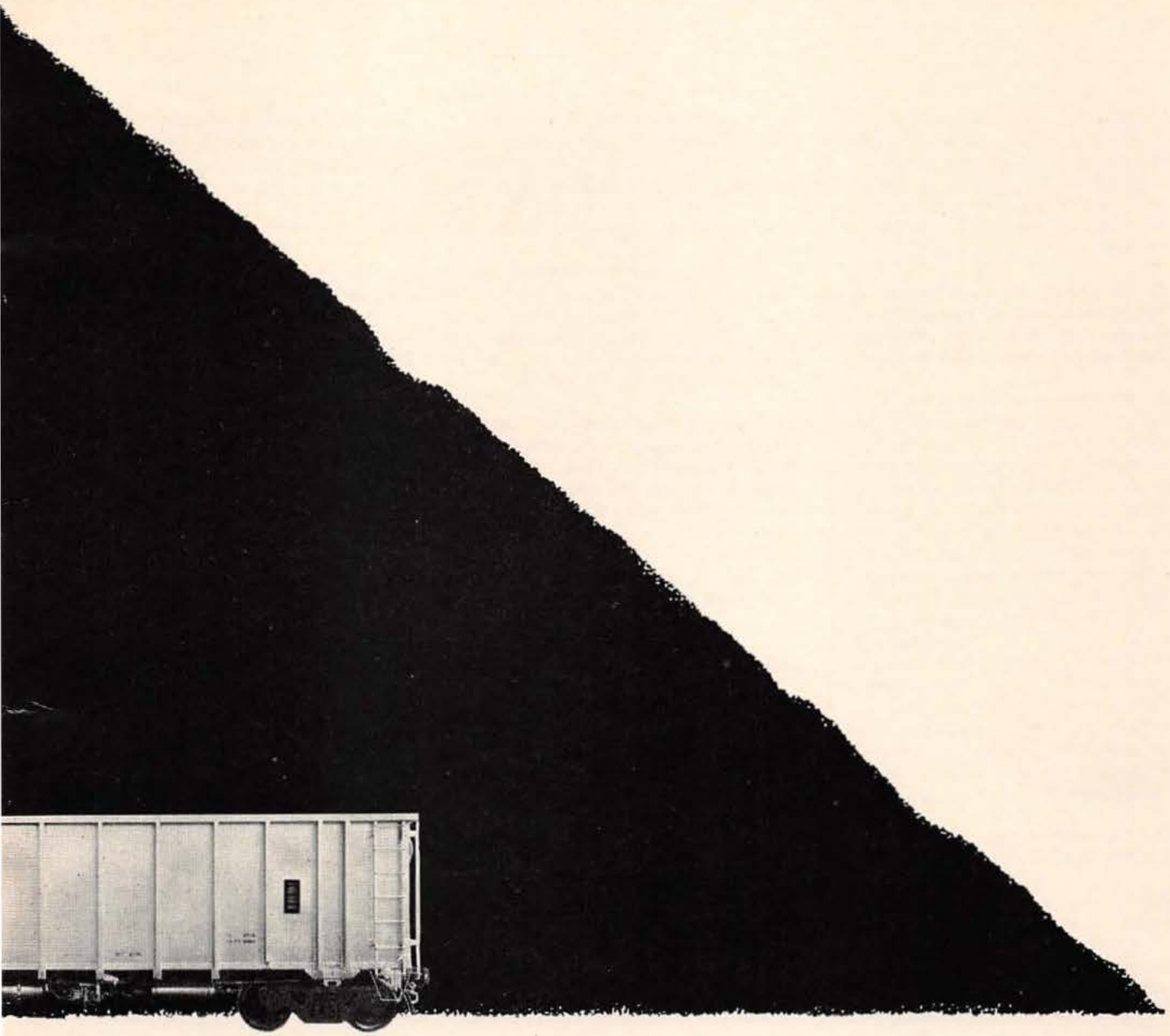
Container Corporation of America —which has 17 mills and plants on PC —is another major rail user with happy thoughts about PC's current performance. A year ago, Container was diverting traffic, switching to truck, cutting PC out of routes. That's changed, now—and Director of Traffic S. H. Tippett gives a lot of credit to the new PC attitude: "They no longer have the hopeless, helpless approach," he says. "We keep a very close watch on their performance—and we have noticed a big improvement in the past six months. What they say in their advertising, they're doing."

Cleveland Electric Illuminating will haul an extra 952 tons of payload per unit train trip and save money in the process. How?



Cleveland Electric Illuminating Company is the second large utility to announce the use of aluminum-bodied gondolas for mine mouth-to-power plant unit trains. CEI expects to save about $3,500,000 a year, or about 75 cents a ton, with unit train rates. And part of these savings will come from the extra eight tons of coal per car they will haul on 119-car unit trains traveling between mines in southeastern Ohio and Cleveland.

The 295 cars, built by Greenville Steel Car Company and leased to CEI, have a light weight of 47,000 lb and carry 108 tons of coal (vs 63,000 lb and 100 tons for a similar steel gondola). They will be used for two unit trains that will make the 325-mile round trip every other day with 13,000 tons of coal per train. That's 952 extra tons payload.



The 3,850-cu-ft gondolas have welded aluminum bodies bolted to steel underframes. A polysulfide inhibitor prevents electrolytic action between the dissimilar metals. The body is built of Alcoa® aluminum alloy 5083 plate and alloy 7005 extrusions.

CEI and Greenville will both benefit from the other advantages of aluminum cars. They need no painting, need less motive power on empty runs and have higher salvage value. You can get "tailor-made" information on the savings possible with aluminum cars on unit trains, including a complete computer economic analysis, by contacting M. Lee Peterseim, Aluminum Company of America, 1024-C Alcoa Building, Pittsburgh, Pa. 15219

MEMBER RPI

Change for the better with Alcoa Aluminum

ALCOA

"pullers" into Blue Island Yard, where it is blocked into through trains for movement to major eastern points. As your question indicates, we own part of several terminal lines in Chicago, but our traffic is handled in whatever way the best service is achieved.

Q. Do you see the need for new or enlarged class yards at any points on the system? Are there steps Penn Central can take to reduce terminal costs?

A. We have drawn plans for improvements at four of our major gravity yards, and work is already under way at some of the smaller flat switching yards. At Cleveland, we really need to construct a modern gravity yard so that we can eliminate the multiple handling of cars through the present outmoded system of yards—however, I don't see how we can accomplish that job in 1971. I hope that we can get it started early in 1972. By providing modern switching facilities and establishing good controls over their operation, Penn Central can do much to reduce terminal costs. We have already seen an excellent example of this in our Buckeye Yard at Columbus, which we opened just last year.

Q. To what extent is Penn Central pooling motive power with other lines?

A. We have a variety of such arrangements. In most cases the units are exchanged on a horsepower-hour basis. Some of these involve composite consists made up of Penn Central and foreign units. In other cases, Penn Central units run off line in exchange for foreign units being assigned to work certain jobs on Penn Central's lines. The purpose of this, of course, is to expedite trains and minimize idle time of locomotives. So it is helpful to all parties involved.

Q. Have you been able to introduce time savings with new freight-train schedules?

A. We have made changes in freight-train schedules to improve the handling of traffic, and we have continued to expand our TrailVan service. Recently, we established new service connecting the Detroit area and eastern seaboard points with expedited service. This has saved up to two days between several cities. Our manifest freight trains have also been adjusted so that we now have service two times each day between many of our major locations, whereas traffic was formerly concentrated in only one train daily. While some of these changes cost money to get started, they help to improve the utilization of freight cars, in addition to reducing transit time. I am confident that they will more than repay the cost of their operation.

I think that some of our own people may have been a little fooled by what that has accomplished. It's interesting to me to note that in our January financial plan, our per-diem expenditures were overstated by $2 million.

Q. The merged company inherited Flexi-Van along with conventional TOFC operations. There must have been a sizeable investment in Flexi-Van facilities. Has this created problems?

A. The railroad does have a sizeable investment in Flexi-Van facilities and equipment. However, insofar as facilities are concerned we have actually experienced a considerable gain since not only are we handling TrailVan traffic in Flexi-Vans among our Flexi-Van terminal facilities, but we have been able to utilize this type of facility for side transfer by crane and piggyback without any additional investment in terminals.

RAILPAX: "We are insisting that we be paid for all costs that can be identified as relating to intercity service."

Since merger, we have placed a substantial amount of the Flexi-Van equipment into mail service use with excellent results. Fourteen exclusive Flexi-Van mail trains are being operated, and they produce a revenue of approximately $30 million annually. Our Flexi-Van fleet of freight cars has not been producing the type of utilization we like due to the rapid expansion since merger of our TOFC operations.

We are studying the establishment of Flexi-Van freight trains between areas where clearances have been and are a problem, such as between New England and the South via Penn Station. Also, our equipment people have developed that these cars can be adapted to carry trailers and, if the economics of such a move is as we believe it will be, we will have no reason to regret having on hand the fleet of Flexi-Van cars.

Q. What is the biggest single problem confronting Penn Central in attempting to negotiate an operating and service contract with the National Railroad Passenger Corp.?

A. The biggest problem is arriving at a cost reimbursement formula. We are insisting and intend to continue to insist that we be paid for all costs that can be identified as related to our intercity service, including a reasonable share of joint and common costs. Thus far, the incorporators have leaned toward paying us only the direct costs of the train involved. But we would not maintain three and four tracks between Washington and New York if we did not have to operate passenger-train service. If these trains were eliminated we could cut down to three and two tracks in many locations, perhaps even one.

Q. What happens if you cannot arrive at a contract by the May 1 deadline established by Congress?

A. I hope the contract comes to pass. Our people are working with Railpax night and day, trying to come up with a satisfactory formula. They are certainly dedicated to getting the operation into effect on May 1. We made quite an extensive study on Penn Central that took two or three months to accomplish. We have presented that study to the incorporators, and I understand that since they have seen that study they are taking a little different viewpoint of how they should pay.

As far as Penn Central is concerned, I just don't see how we would agree to anything short of identifiable costs. After all, whatever we do has to have the approval of the trustees and the court. I'm afraid that if we negotiated on any other basis than identifiable costs, we might be confiscating the property of the stockholders.

Q. You will account for how much of the total Railpax system?

A. The final decision is up to Railpax, but we estimate that we could have as much at 50%, on the basis of trains to be operated. Our fully allocated passenger service losses last year were in the vicinity of $130 million. ■

Do railroad salesmen really sell?

By WARREN R. WALWORTH*

A marketing analyst suggests "action fronts" for maximizing service to shippers—and profits for carriers.

A marketing game being played by some railroad executives today might be entitled, "Sales—Marketing—What difference do they make?" The stakes are high and the action fast.

The outcome depends upon how well these decision makers see the cause-and-effect relationships between a railroad's sales and marketing effectiveness and the maintenance and growth of a healthy and profitable railroad system.

The result of the game's outcome will either be: the death of a railroad salesman or the rise of the professional transportation salesman.

In the past several decades, competitors have taken a considerable amount of business away from railroads. Railroads could, and should, have kept much of this business, even in the face of inequitable governmental regulatory policies. Effective sales and marketing can help reverse the "Railroad Traffic Erosion" trend—it can make a decisive difference in the future of our railroad system, provided action is taken on at least six broad fronts. This conviction comes from many sales and marketing railroaders. It comes from many of America's leading industrial traffic people. It is based upon their desire to find more effective ways in which they can work together to develop mutual profits and growth.

What are the six action fronts? What action steps might be taken to increase the effectiveness of railroad sales and marketing? How will this affect the role of a professional transportation salesman?

The six action fronts are:

1. Start at the top.
2. Make "Freight for Profit" an over-all objective.
3. Match structures of sales and marketing to purpose.
4. Recognize the essential role of a professional transportation salesman.
5. Establish standards of performance.
6. Create a climate for growth.

1. START AT THE TOP

To improve a railroad's sales and marketing effectiveness start at the top. Find out how the top and chief executives are oriented. What has been their backgrounds? How do they define their business? How do they see their responsibilities? What are their priorities?

Many top railroaders have engineering, legal or financial backgrounds. This is good and it's necessary in today's dynamic and competitive environment. However, consider how this kind of a background might affect how such a man would define the nature of the business he is managing—affect how he views his responsibility—affect his priorities. Is it causing too many to concentrate exclusively on improving existing operations? Protecting current assets? Developing technical efficiencies? Streamlining organizational structures? Tightening and centralizing controls? (All of which may be needed for survival.) Or do these top men have the conviction that increased net depends upon more than just cost reductions—that it may depend equally upon substantial increases in profitable freight traffic volume? John W. Barriger, in a few words, put it this way: "You cannot starve a railroad into prosperity."

A railroad's sales and marketing effectiveness has its foundation on top management's firm conviction that substantially increased profitable traffic volume is a necessity for railroad economic survival.

Yes, there may be a need for more "marketing" thinking at the top—for more concern for the railroad's customer—for his profits and growth. There may be a need to re-examine and upgrade some of the traditionally accepted standards of rail freight service—for designing and introducing new services and innovations which will profit both the provider and the user of rail services.

The road to improved railroad sales and marketing effectiveness begins at the top. Look for the leadership to come from men with the technical know-how, managerial expertise, and marketing vision, men such as Penn Central's Jervis Langdon, who recently commented:

"The real reason for nationalization, if it comes, will be that the individual railroads, admittedly operating in a most difficult environment, could not rise above their immediate self interests and work harmoniously together as a system in providing the American public with the character of service it is entitled to have."

2. FREIGHT FOR PROFIT

True profit is mutual profitability, profit for both the producer of the service and for the user of the service.

An increasing number of corporations have become aware of the importance of distribution to the firm's total profit picture. Today's industrial traffic manager is more sophisticated and works at a higher management level than his counterpart of yesterday. He knows his traffic department is interlinked with many other departments—that his decisions must be based upon contribution to the over-all profit of his company. In a very real sense this means that his traffic organization is a part of a large complex system made up of many smaller acting, interacting and reacting parts or sub-systems. He knows that only an effectively functioning organization creates a climate for *profitable* growth. This climate is like a closed-loop system wherein his organization is constantly reviewing its progress—re-examining its sub-systems—determining how well each is contributing to over-all profits—modifying them to capitalize on changing market conditions—eliminating the non-contributors.

As traffic management grows more total systems oriented and becomes more profit conscious, the railroad's contact people, with whom he deals, must likewise become more sophisticated. Today's industrial traffic executive expects that the railroad man who calls on him will have the same awareness that his department is interlinked with many other departments—and that each must interact in a way which will profit him. He expects a total systems approach to transportation, since a railroad is in the business of developing and providing a complete "Quality Controlled" transportation

*Mr. Walworth is a vice president of Robert Heller Associates, Inc., management consultants.

"The terms marketing and sales often become distorted. Marketing is not a sales function in disguise"

package—routes, rates, equipment, dock-to-dock transit times, dependability, and timely information services—with the end results being profitable to him and to the railroad.

Yes, there is a direct "cause and effect" relationship between a railroad's "freight for profit" objective and the effectiveness of its sales and marketing people.

3. SALES AND MARKETING

The terms marketing and sales often become distorted when they are discussed. Marketing is not a sales function in disguise. Marketing is the determination of a need and the creation of a service that will profitably meet that need. Selling is the process of persuading a customer, or a prospect, to buy an existing service. Sales and marketing are both essential and interrelated in today's competitive market.

The purpose of a railroad, like that of any other successful business, is to keep existing customers and to create new customers at a profit. Then why shouldn't the organization of a railroad's sales and marketing function be structured to this purpose?

Today there are four basic types of traffic development objectives. Two relate to existing customers and two relate to unknown customers.

Type 1: To keep existing customers—This involves providing known services to known, or existing, customers at a mutual profit. Here the railroad's operating and other departments must *react* quickly to customer problems which arise in day-to-day operations. (Delays, bad-orders, bunching of cars, supply of equipment, switching, pricing changes, schedule changes, competitive actions, etc.) This is largely a day-to-day problem solving activity at the local level.

Type 2: To increase profitable traffic from existing customers—This involves identifying, developing, and providing new services to satisfy either existing customer needs, or new needs which develop as the customer's markets change, or as his ways of doing business change. This also involves the discontinuance of obsolete services, or services which are no longer profitable. Here the railroad's sales organization must be able to *inter-act* effectively with the customer in identifying opportunities, and to act in a coordinating role with the railroad's marketing organization in so far as the development of new services is involved, or to bring unprofitable service up to a satisfactory level of profitability.

Type 3: To create new customers—This involves identifying, qualifying, selling, and providing existing services to unknown customers at a profit to both. Here the sales organization must *act* (intelligent prospecting, accurate determination of potential, aggressive selling). The marketing organization must be able to assist by identifying areas of potential, determining profitability, and appraising the railroad's ability to effectively deliver the existing services to the newly found customer.

Type 4: To create new services for unknown customers—This involves a longer range type of interrelated sales and marketing action. Literally, this is selling an unknown service to an unknown customer to generate future profitable volume. It combines the best of sales effort with market research, and service and equipment planning. To be successful, the railroad's organization *acts*, initiates change, so that others will *re-act* to change in a way which will profit both.

In this article we will discuss the railroad's sales and marketing functions, structured to achieve the first two types of traffic development objectives: to keep existing customers, to increase profitable traffic from existing customers.

A typical Class I railroad will have approximately 150,000 customers—the shippers and receivers of freight which originates, terminates, or moves over its system. Some of these customers will be "on-line,"others may be many miles away from the geographical area served by the railroad. Some of these customers will be large companies which ship large volumes on a regular basis, others will be small and infrequent shippers or receivers.

Over 50% of this railroad's total revenue traffic volume will come from less than 10% of these 150,000 customers. Over 70% of this railroad's total revenue traffic volume will fall into one or more of the following commodity groupings: Coal, coke, and products of the mines; food products; wood, wood products, and paper; chemicals and petroleums; metals; automotive and farm implements; grain and grain products; stone, clay and glass; and fresh and frozen fruits and vegetables.

This is the market.

Several decades ago many railroads organized their sales function on a geographical basis to serve the market i.e., local freight solicitors reporting to division or district traffic managers reporting to regional traffic managers reporting to a headquarters vice president of traffic.

Day-to-day relationships with local shippers and receivers were the responsibility of the railroad's local freight agent, the man who ran the local freight station, who reported to a division superintendent (an operating department officer).

The function of the railroad's freight solicitor was to entertain and make shipper friends for his railroad.

Important shipper problems were handled by the railroad's vice president of traffic or perhaps by the railroad's operating department general manager, division superintendent, or even sometimes by the president.

What changes have taken place since then? How effective have these changes been in terms of keeping existing customers—in increasing the share of profitable traffic from existing customers?

Are some railroads still relying solely on a geographical sales organization to maintain communications with existing shippers—even when in many of these territories there are shippers whose needs have become so diversified and complex that it is almost impossible for an individual field salesman to find time, while making his 8 to 10 calls per day, to learn all that he should know about each of his shippers' needs—and at the same time, keep up to date on schedule, tariff, equipment, and other railroad changes—knowledge that he has to have of the capacity of his railroad to best satisfy each of his shippers needs in a mutually profitable way?

Have some railroads given the marketing function organizational recognition by merely super-imposing market managers, industry specialists, national account executives, commodity managers, etc., on top of their geographic sales organization?

When a railroad is staffed with marketing specialists assigned to specific commodity groups (wood, wood products and paper, for example), and with national account managers who are assigned to specific large companies, is there a clear-cut understanding of their responsibilities—and of the relationship of their responsibilities to

those of the field representative? Are the railroad's customers aware of such responsibilities and of their effect on the day-to-day working relationships they have with the railroad?

Have railroads really filled the gap between themselves and their local customers which came about in part through the consolidation of local freight stations, and the downgrading of the responsibilities of a freight agent?

William Libby of Midland Cooperatives has said, "The major thrust of interest and work should be done on a local level. We have never had greater need for a closer alliance and working understanding between shippers and railroads than we have today."

Is transportation problem-solving on the lowest possible level possible? As large companies decentralize their operations and decision-making authority, and *this appears to be an accelerating trend*, their managements expect that problems will be solved at the lowest possible level. Ralston Purina's top traffic man, Hjalmar Johnson, says that they make every effort to handle equipment and service problems locally, with the headquarters group becoming involved only when help of higher-level management is needed (RA, Dec. 28, 1970, p. 34).

How effective are communications between management levels and departments within a railroad—between the railroad and its shippers? William K. Smith of General Mills feels that this is a problem: "There are a lot of problems in the communications process. These problems are magnified as we get distance into the act, and as we get two companies involved. The communications problems between General Mills and the railroads are more difficult than between the sales department of General Mills and the transportation department of General Mills."

Smith is doing something about this, too, with his "mind-stretchers" meetings for top General Mills transportation people and top railroad officers. Through these meetings the carrier learns of specific needs of the shipper, and the shipper knows better the capabilities of the carrier—problem-solving follow-through comes with the assignment of responsible General Mills transportation people and top railroad men to attack specific problems.

Are enough railroads giving sufficient support to such customer activities?

Are shippers able to depend upon an effective follow through by railroads?

Are too many railroads leaving the initiative for such joint problem-solving activities to their customers?

How many railroad sales managers are not really managing—not spending sufficient time in the field with their sales representatives—getting out with them to where the problems and opportunities are—accepting their responsibility for supporting, strengthening, developing and motivating their subordinates? Do sales managers really plan and effectively control the customer contact time of their salesmen?

How many railroad sales managers feel that they lack higher management's confidence and backing—and as a consquence have a reluctance to take timely corrective action at the local action level—leave the problem solving for headquarters?

How effective is the service side of the sales organization—the telephone handling of such things as incoming requests for information; rates, routes, diversions, reconsignments, car locations, equipment—a dependable follow-through after the call—report backs?

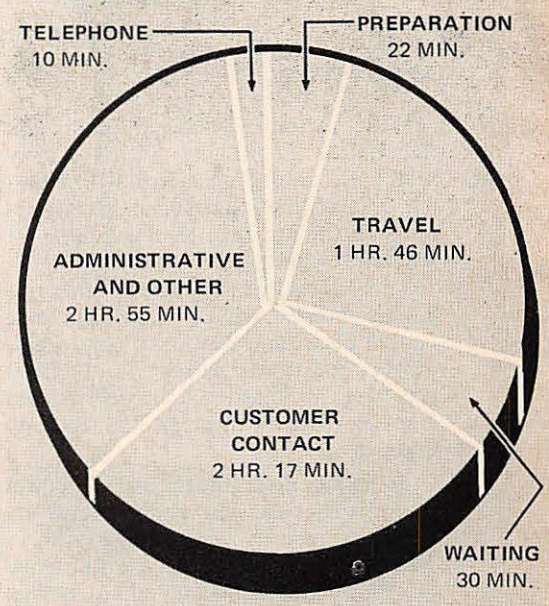
How many railroad sales organizations are over manned yet under staffed? Extensive studies of industrial sales organizations, conducted by Sales Executive Clubs, have repeatedly shown that in a typical sales force: ⅓ of the men will be producing over 65% of the total sales; ⅓, producing 30%; and ⅓ producing 5%, or less.

Sales volume and profits can be increased quickly and quite dramatically by: Identifying the top producers—assigning them to areas of greatest potential—giving meaningful recognition and incentives for outstanding contributions; intensifying the training and development of the men in the middle ⅓; and reassigning those in the bottom ⅓.

A railroad's sales and marketing organization that has been structured to purpose, and staffed by competent people, will have a significant effect on ROI, both the railroad's and the railroad's customers. However, the full implementation of the marketing concept is necessarily dependent upon a full understanding of the essential role of the "professional transportation salesman."

PART II of "Do railroad salesmen really sell" will appear in the April 26 issue, covering: The Railroad Salesman; Standards of Performance; A Climate for Growth.

One railroad salesman's average day



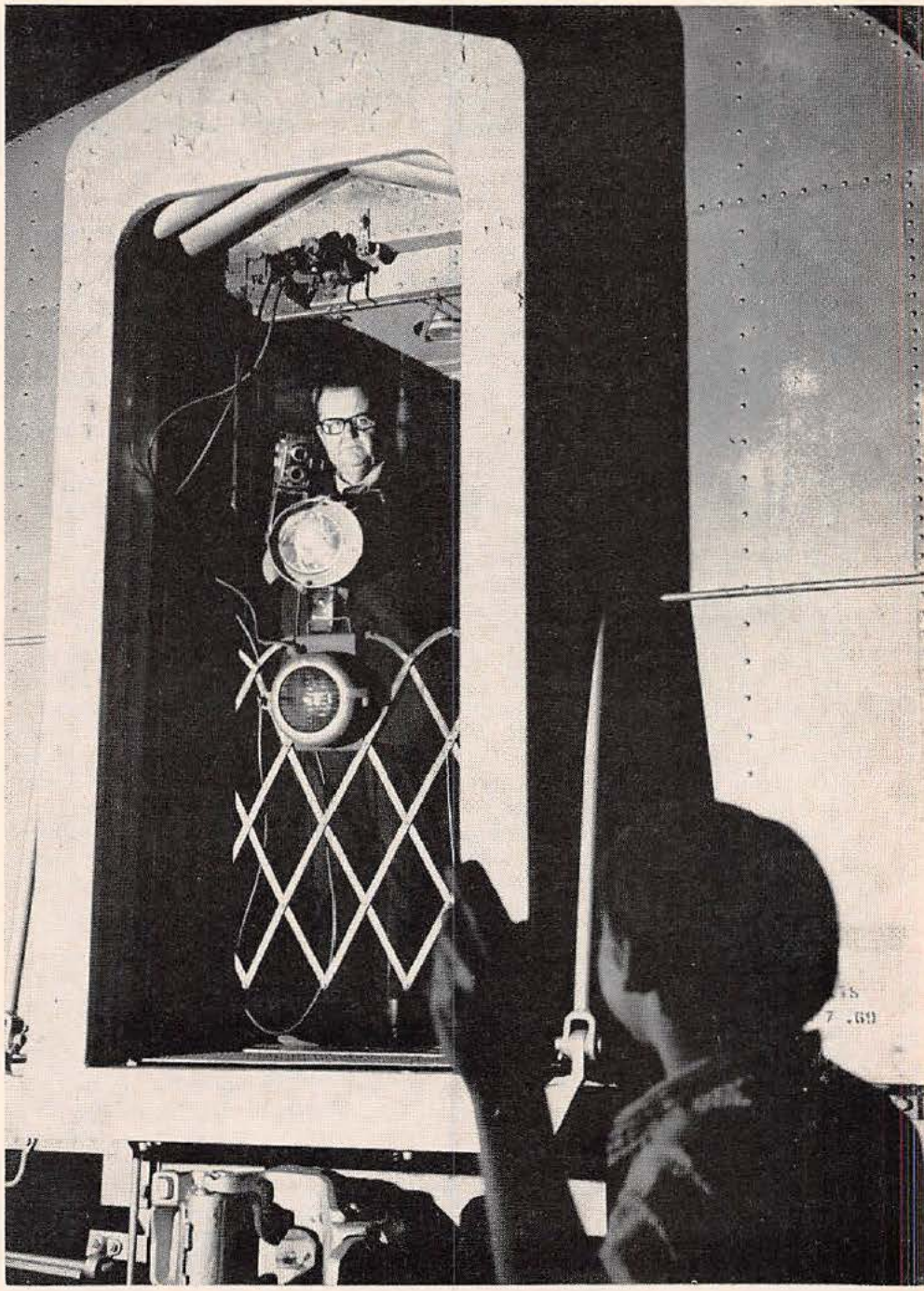
Officers of one railroad conducted an intensive study of their sales organization as a prelude to organization change and intensifying sales training. They found that their sales people, on an average, were spending an eight-hour day as follows: Administrative and other, 2 hours, 55 minutes; telephone, 10 minutes; preparation, 22 minutes; travel, 1 hour, 46 minutes; waiting, 30 minutes; customer contact, 2 hours, 17 minutes.

In analyzing how the 2 hours, 17 minutes of customer contact time was spent, it was discovered that 91% of the salesman's time (2 hours and 4 minutes) was spent in "service areas." Only 9% (13 minutes) was spent in actually going after some specific traffic.

The 91% of time spent in "service areas" broke down like this: routine visit, 21%; rate discussion, 20%; goodwill, 14%; answering a complaint, 13%; asking questions, 8%; discussing industrial development, 7%; public relations, 4%; general call, 3%; discussing a billing matter, 1%. The 9% spent in going after specific traffic was broken down like this: actually selling a service, 6%; following a lead or referral, 3%.

Railroads fight mounting wave of

By GUS WELTY, Senior Editor



With mounting outrage and more than a little frustration, railroad security forces are adding up a steadily-increasing cost of theft and vandalism—running all the way up to the looting of whole freight trains.

This is serious business—and it's getting worse. Acts of vandalism have caused death and serious injury to employees and to rail passengers. Criminal acts are draining millions of dollars from an industry that can ill-afford any drain at all.

● **Shock upon shock.** Penn Central recently shocked just about everybody when its security director, Donald L. Nelson, showed figures on the full scope of PC's problem—and cited official records that read more like horror stories (RA, Feb. 22, p. 33).

But PC isn't unique. It's just bigger. Every road has a vandalism problem. And while the concentration of trouble is in the metropolitan areas, operations in small towns and affluent suburbs are by no means immune. Nor is vandalism all caused by deprived inner-city kids who have nothing better to do than to stone trains, roll oil drums onto the track or loot piggyback trailers.

● **The targets:** Trains, of course, are the most obvious target, for rocks, bottles, rifle slugs. It's a sad sign of the times that railroads are having to turn to use of tough plastic or similar material for passenger-car windows—and that auto-makers are insisting that auto-rack cars be fitted with protective side-shields.

But fixed facilities are almost equally tempting. One western road, for instance, has had several recent derailments caused by vandals tampering with switches; in one derailment, an engineer died. Stations, especially commuter/suburban stations, are also fair game. As one passenger-service director puts it, "You wouldn't believe all the things that can happen to a station. Figure every conceivable thing—and then add 18 more." One Chicago-based road has had at least one major station fire that could be laid to arson. Another commuter line has learned the hard way that building attractive stations doesn't always pay: "We built a new station [in a suburban community] four or five years ago—a nice, heated building with glass all the way around. The kids kept knocking out the glass and we kept replacing it. We tried plexiglas and they kicked that in. We tried wire-mesh glass and they broke it. We finally concluded that we just couldn't go on that way. Now, that station is just a shelter—no glass, and no heat for the commuters." Even station benches get the vandal treatment: "They wreck them—or sometimes they douse the benches with lighter fluid and set them afire."

● **But what can be done?** Security people have plenty to talk about when they outline the size of the problem. They are less voluble when it comes to discussing solutions—because, up to now, the problem's growth has far outstripped the development of solutions.

One obvious approach is to beef-up police patrols. But railroad security forces, for the most part, don't have the manpower they had years ago (when the crime rate was lower). And local police, with problems of their own, can only devote a certain amount of time to keeping an eye on railroad property.

Technology is providing a measure

theft and vandalism

WITH CAMERA AND CANINE, and whatever other aids their ingenuity can come up with, railroad security forces are fighting a rising wave of crime against persons and property. Santa Fe devised the candid-camera setup to meet a specific problem —the stoning of a crack passenger train on its after-dark run out of Los Angeles. Dogs are being put to work by an increasing number of roads to help combat vandalism and cargo theft in terminal areas.

of help. Radio-equipped special agents have a mobility and a capability for fast reaction that they may have lacked in times past. And at least one road has developed equipment for filming offenders in action—as a possible deterrent and as a source of evidence for later prosecution. This gear was homemade by Santa Fe—essentially, it's a hand-held locomotive headlight, wired for operation off a 32-volt direct-current train circuit and synchronized with the still-camera shutter. Santa Fe had been having problems with rock-throwers taking aim on its eastbound "Super Chief/El Capitan," which runs the gantlet out of Los Angeles after dark. The road started its candid-camera program last September, and it has also been experimenting with use of a motion-picture camera. The verdict thus far? "Use of the device appears to have cooled interest in stoning the train."

● **The canine corps.** Not exactly in the realm of technology but still a new "device" is the guard dog—and the use of trained dogs is definitely spreading. Santa Fe has three dogs patroling in terminal areas, and four more will soon be joining the force at other locations on the system. Burlington Northern has Mike, a two-year-old German Shepherd, working in Chicago —and, while his specialty is tracking, he's also trained for search-and-seizure. Most recently, Rock Island hired Caesar, also a shepherd, for yard patrol and for guard duty on transfer runs: Caesar and his handler follow the transfer in their station wagon—and if the train must be stopped, they begin foot patrol to discourage the not-uncommon looting of car trailers.

In some cases, railroads are trying hard to attack the vandalism problem at its roots—and probably nobody is trying harder than Western Maryland, in the Baltimore area. WM people are not against law enforcement and police action, and they tend to agree that if a youngster turns bad by the time he's 17 or 18 he's probably a candidate for real trouble. Yerby Holman, WM's personnel director, puts his road's aim simply: "We're trying to break the cycle."

● **Bring the kids to the railroad.** To that end, WM last summer ran five excursion trains for inner-city youngsers which WM, with the help of street-leaders, had gone out and recruited. The kids—mostly 15-and-under—saw railroading from the inside; they also had an opportunity to get out into the country, tour a farm museum, have a picnic. The program wasn't cheap. It required a lot of organizing time, and in direct costs alone WM was putting up about $2,000 for each special train. WM shouldered the entire burden—and, at this point, the road is planning to do a repeat this summer.

Has it paid off? Holman has his fingers crossed. Just a few weeks ago, WM experienced a sharp upturn in the number of incidents reported. But up until that time, the trend in incidents of vandalism was markedly down. At the same time, he had also been planning a series of appearances at Baltimore-area schools—as a follow-up which would feature both WM people and the street-leaders who served as trip-marshals. This continuity-building program has been hung up in school-system procedures—but, as of mid-March, Holman was hoping to get it under way in the near future.

● **Help from Congress?** There is one other approach which might be taken

(Continued on page 52)

This new traction motor bearing is why today's GM locomotive is even more reliable.

A major cause of bearing failure, misalignment due to shaft deflection, is no longer a problem. This new bearing compensates for varying shaft deflection.

For the past 16 years, we've been improving these bearings by making them tougher to withstand the destructive force of shaft deflection. But heavier operating loads have made that approach less efficient. So we looked for a totally new solution.

This new bearing solves the problem, rather than trying to cope with it. Misalignment causes excessive loading in the bearing because all the force is concentrated against a very narrow path on the races. Our engineers discovered that combining an offset crowned inner race with crowned rollers would make the rollers align themselves with both races under varying shaft deflections. The force would be applied evenly against a broader surface, and the bearing would last longer.

Lab tests proved the idea worked and field tests confirmed it. Even after 450,000 miles of heavy hauling, there was no evidence of fatigue failure in the new bearings. This is one more example of our continuing program to make your next GM locomotive even more reliable and easier to maintain.

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Only the newest equipment can handle the newest shipping problems. That's why we're proud of our "teenage" fleet.

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That's our way. We send "boys" to do a man's job. Because they do it best.

mo-pac hauls all *all cargos . . . all quantities . . . intermodal . . . worldwide*

Missouri Pacific Railroad / Texas & Pacific Railway / Chicago & Eastern Illinois Railroad

Circle 14 on coupon page 45

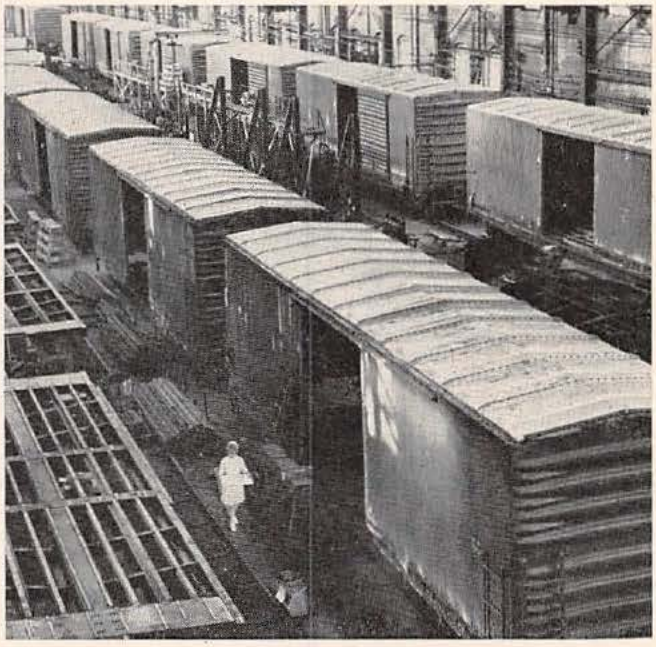
"Psst, Jersey central... can you reach the buzzer— I need fresh side sheets!"

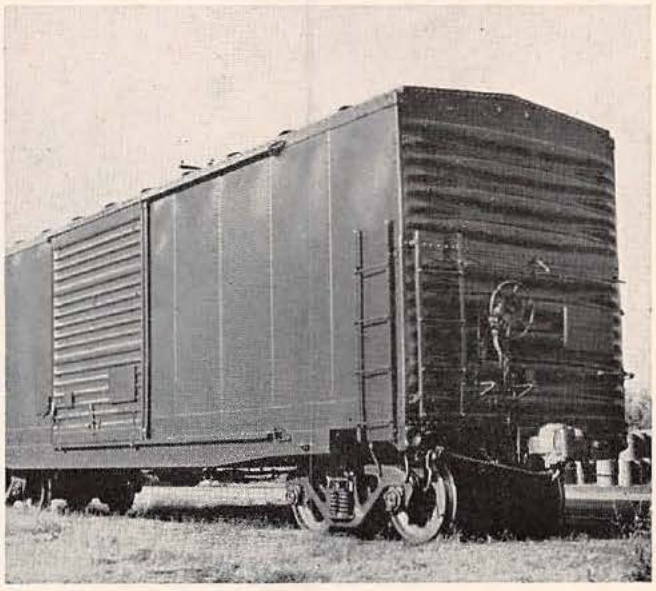
Here at Berwick's Catastrophe Ward, tired, old freight cars tell some pretty gruesome stories. Endless crushing jolts on couplers and draft gear; countless miles over some pretty rough track at break-neck speeds; constant exposure to the worst kind of weather. In fact, our doctors are amazed that some of these oldtimers are able to limp in here at all.

But then our specialists go to work—we have hundreds who have built and repaired rolling stock all their lives. In this case they'll use our spec. sheets for rebuilding 40 ft. 50-ton cars. These specs. list 54 areas on the car that must be checked, then repaired or replaced if necessary. To top it off (or "bottom" in this case) they junk the old plain bearings, machine the journals, and install modern roller bearings. Then with just a whisper of a push they glide out of the shop better than new.

Call Berwick's Catastrophe Ward for a complete cure for your oldtimers. There's always room for a hundred more.

Write for our specifications on rebuilding 40′ and 50′ cars.





If only the gang down at Atlanta Junction could see me now.

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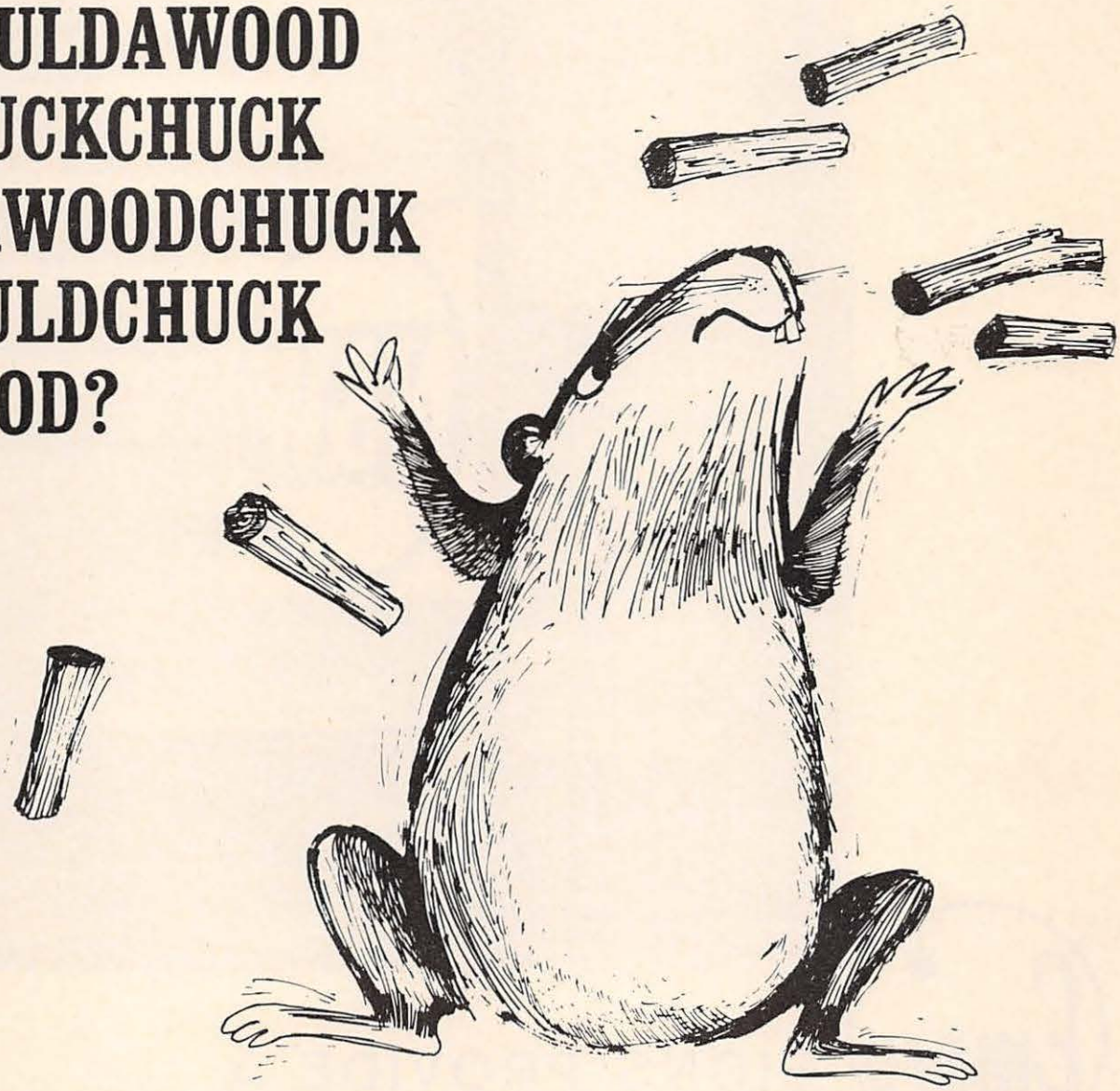
A DIVISION OF WHITTAKER CORPORATION

BERWICK RPI

Circle 15 on coupon page 45

HOWMUCHWOOD WOULDAWOOD CHUCKCHUCK IFAWOODCHUCK COULDCHUCK WOOD?



Plenty, according to five paper companies served directly by Kansas City Southern. These companies (International Paper Company, Boise-Southern, Georgia-Pacific, Pineville Kraft, Nekoosa-Edwards) together chuck some 3 million cords of pulpwood annually.

Because their plants are served directly by Kansas City Southern, their production schedules are aided by getting the raw materials in and the finished products out on schedule—to midwest and eastern markets and to foreign markets through five Gulf ports (New Orleans, Baton Rouge, Lake Charles, Beaumont, and Port Arthur).

Good rail facilities are vital to the growth of these companies. Supplying good rail facilities is vital to ours. That's why we got together.

Kansas City Southern offers you choice industrial sites near large metropolitan areas to help you get your products to market faster nationally and internationally. Kansas City Southern is a "full-service" railroad.

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Circle 16 on coupon page 45

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Circle 17 on coupon page 45

"For 1971, the major objective of the Frisco Railroad is the continued improvement of customer service. This will be accomplished by continuing our high standards of maintenance and making the capital expenditures necessary to produce high quality transportation. We aim to be known as the Dependable One."
R. G. Grayson
President of the Frisco Railroad
FRISCO
We're a going railroad

Last call–just time to make it!

Get aboard the big Mechanical Division Special with the industry's top reporters

The above four, and other Railway Age and Railway Locomotives and Cars editors, will be serving up the news for the annual meeting of the AAR Mechanical Division at the Sheraton Chicago on June 23 and 24. There will be Mechanical Division meeting features, reports on equipment designs and new maintenance procedures. Both magazines will have extra distribution at the meeting. And this year the reports on car and locomotive trucks and suspensions will have special importance. . .

The spotlight is on riding qualities of equipment

The AAR has special groups studying the relation of equipment with track and attempting to coordinate the performance of the components of today's car trucks. One railroad has sponsored a dynamic study of the standard truck in an overseas laboratory. The Department of Transportation's new Colorado laboratory will give new opportunity to investigate dynamic problems on this continent. The problems of ride have plagued some of the new high speed trains and one mechanical officer has described the freight-car truck as riding "rough at any speed." Obviously a satisfactory suspension must have a range of capabilities. A number of improvements have been introduced but most introduce the added complication of higher cost.

These two give you unparalleled coverage at a bargain rate

Railway Age is a horizontal management semi-monthly that reports and interprets developments broadly interesting to all (in not-too-technical language). It gives you both a railroad's general management and the upper levels of its Mechanical Department management.

Railway Locomotives & Cars is a technical monthly —a specialized, vertical, departmental publication. It gives you the Mechanical Department's top management and the men on its lower management and supervisory levels. It talks their special language.

Take advantage of this bargain opportunity

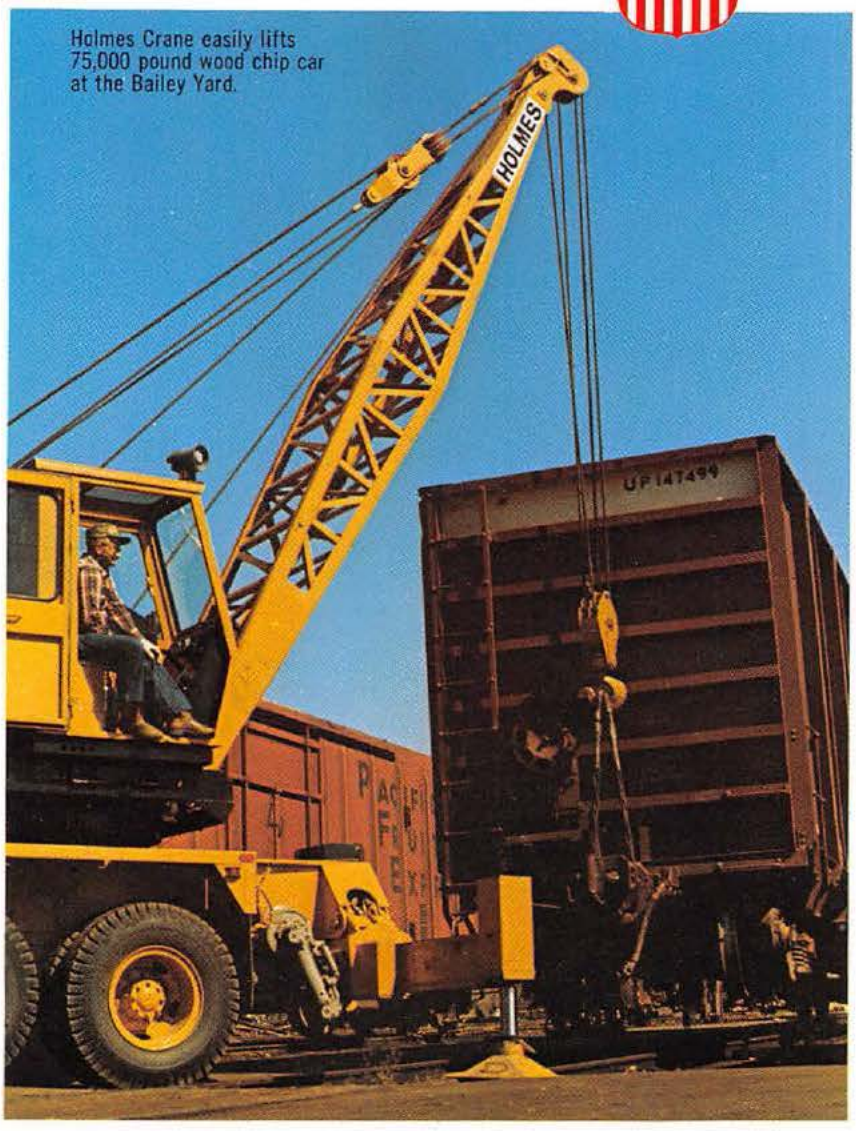
With the Railway Age Group's Industry Marketing Rate you can run two campaigns - one in Railway Age and one in Railway Locomotives & Cars - for only slightly more that it costs to attempt the job with one campaign in the monthly that tries to be all things to all people (including thousands with utterly different problems and interests in the Engineering Department and Signaling and Communications Department).

Thus you get full management coverage, deep specialized coverage in the Mechanical Department - and double the impact at the highly important level where middle management and specialized Mechanical Department administration overlap.

Plan now to take full sales advantage of this opportunity. Closing dates. . .RA: May 31; RL&C: May 10.
The Railway Age Group, 350 Broadway, N.Y.C. 10013.

100,000 lbs. of LIFT *on its way...*

HOLMES CRANE Cuts Costs and Speeds Re-railments for UNION PACIFIC



Holmes Crane easily lifts 75,000 pound wood chip car at the Bailey Yard.

Down the rails at twenty-five miles per hour.

Over Tracks Mobile and strong, but light enough to cross over tracks without damaging spur or branch lines.

Vaughn A. Berry, Bailey Yard's General Car Foreman, supervises the Holmes Crane.

5 units clear the track at Union Pacific

■ Kansas City! . . . North Platte! . . . Salt Lake City! . . . Portland! . . . Los Angeles! . . . Union Pacific clears the track with five truck-mounted Holmes Cranes. At key points in the line's 9,600 mile span these mobile over-the-road, down-the-track units move to trouble quickly and clear the track fast.

A point in case is the world's largest, Bailey Yard at North Platte, Nebraska. Here, under the supervision of General Car Foreman, Vaughn A. Berry, the Holmes Crane works in the yard, or ranges far and wide on re-railments, shifting cargo and changing damaged wheels. The Holmes Crane is light enough to move over spurs without damage to tracks and strong enough to hold its own when lifting 100,000 pound loads.

Write today! . . . for the whole story.

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"TOTAL DESIGN" of the BARBER STABILIZED TRUCK PROTECTS...

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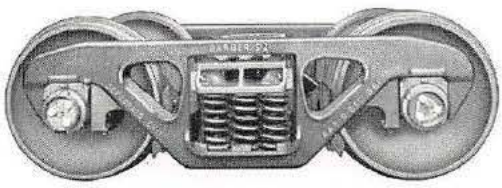

The heart of the "Total Design" system of the Barber Stabilized Truck is a device that absorbs destructive shocks and bouncing.

It protects valuable lading from wear and damage, and it also protects car bodies, underframes, truck bolsters, side frames and the track itself.

Barber Stabilized Trucks give longer life, cost less to maintain and are lower in first cost, too!

"Talk to the Man from Barber"

BARBER STANDARD CAR TRUCK COMPANY

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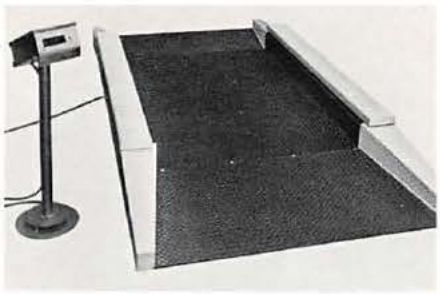
New Products Report



Electronic scale (RA-1)

The rigid base and weight platform of the portable, low-profile electronic warehouse scale is said to eliminate the shifting, swaying and oscillation associated with conventional pivot and bearing platforms. No pit mounting is required because of the scale's 1 3/4-in. platform height. With 4-deg loading ramps on each side of the 4- x 6-ft platform, material on cars or wheeled carriers can be quickly weighed. The control unit and weigh display, remote from the scale base, can be positioned as desired. Easy-to-read numbers indicate the weight on a "nixie" tube digital display. Accuracy is ±0.1% at full scale. Calibrated dial-in tare compensation is optionally available. The scales, available in a wide range of colors, range in capacities from 2,000 to 10,000 lb. *National Controls.*

Weighing system (RA-2)

Coupled cars, moving at speeds up to 6 mph, are said to be weighed quickly and accurately on the Toledo In-Motion railroad weighing system. Loss of capital is minimized because trains no longer need be detained, nor cars uncoupled and separated at scale site. The weighbridge is on a straight run of track with rails firmly embedded to minimize car vibrations. Four load cells (100,000 lb each) prevent overload damage and, with the Toledo Digital readout, balance out any remaining oscillations. Indicator lights along the track continually monitor train speed. Weight impulses from the load cells are transmitted to the remote indicator and recording devices which may be 2,000 ft from the scale site. *Reliance Electric Co.*

Floor scale (RA-3)

The Fairbanks-Morse Slim Jim floor scale, developed for, and in wide use by, the U.S. Government, can be installed on the floor without a pit. Its shallow pattern (side covers are just 6½ in. high) is made possible by a new advance in load cell design. Gross capacity of the basic model with a 4- x 6-ft platform is 7,000 lb. The capacity of the larger 5- x 7-ft model is 14,000 lb. The accuracy of both models is said to be comparable with that of conventional pit scales. Installation can be completed in 4 hours. Weights on the scale are shown by a solid-state digital indicator which may be remote from the platform. BCD output is standard for connection to a computer or print-out device. *Colt Industries.*

Pollution preventative (RA-4)

Problems of pollution when winds as high as 60 mph have swept across outdoor piles of crushed coal are said to have been controlled by a coal-handling company through use of Rezosol 5417-F, a water soluble organic polymer crusting agent which is also applicable to piles of ore, potash, phosphate, limestone and other crushed materials.

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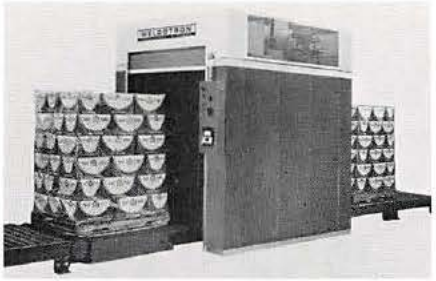
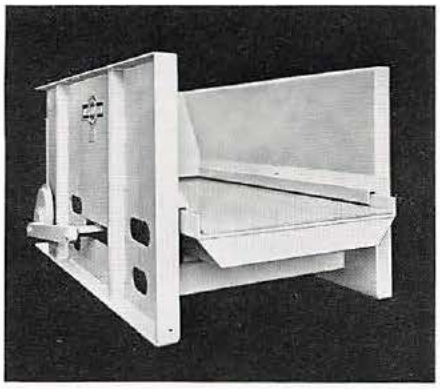
When sprayed on a surface, the water in the agent evaporates, leaving a clear, tough, dry film that adheres to the surface and provides wind and rain protection for several months. The agent is said to withstand numerous freeze-thaw cycles and, when used on coal or ore, to burn off completely at 1000 deg F. *E.F. Houghton & Co.*



Pallet-Pak shrink tunnel **(RA-5)**

A new economy pallet shrink wrapping tunnel designed to meet the needs of the low- to medium-volume producer has been introduced. This Pallet-Pak tunnel, Model 7708 compact series, is priced substantially lower than standard models. It is shipped fully erected, thus minimizing installation costs.

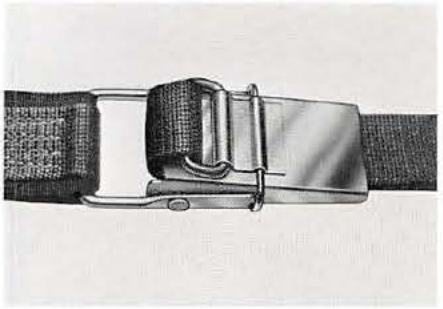
These extremely compact through-type units embody the maker's Omni-Flow concept of air distribution, which produces a tangential air pattern across load surfaces, insuring even shrink. The compact design provides a fully powered system with low initial cost, low installation cost and low operational cost. *Weldotron Corp.*



Unit-train loading **(RA-6)**

A new type of reciprocating-plate feeder specifically designed for loading unit trains has been developed. Called Power-Plate Feeder, it is designed for use under silos, hoppers and stockpiles at unit-train loading installations. Available capacities range up to 1,500 tons of coal an hour. When arranged in series of several units, much higher capacities can be achieved.

Main components of the feeder are: base frame, hopper, reciprocating base plate and an integral drive unit. Base frame and hopper are fabricated from steel plate reinforced with steel angles outside the side frames. Rigid fabricated sections support the roller tracks. *McLanahan Corp.*



Lock buckle **(RA-7)**

The all-new, super-safe Model "L" buckle for use with nylon and dacron webbing cargo control systems is available in two sizes: One is 2 inches wide to accept 1-inch-wide web rated at 3,000 lb test, and the other is 3 inches wide for 1 3/4-inch-wide web at 5,000 lb test. Model "L" features a lever action buckle that provides the added safety of a self-actuating, cam-operated bar lock that positively prevents accidental buckle release. The simple threading and infinitely variable take-up adjustment allow fast binding of any size and shape load. The self-locking over-center toggle action gives positive abrasion-free holding with visual indication when buckle is locked. Loads can be released instantly by releasing lock and raising the free end of strapping. *Safe-D, Inc.*

NEW LITERATURE

UNIT COAL TRAINS. A new 8-page brochure designed to help railroad, power and coal companies analyze their unit coal train requirements has been issued by Greenville Steel Car Co. The brochure describes typical leases, kinds of cars, tonnages moved, turnaround times and other significant facts about three representative unit coal train movements. (NL-1)

RAILROAD WEIGHING. Toledo Scale offers a full-color, four-page brochure describing and illustrating in-motion railroad weighing. The controls and operation of in-motion weighing are illustrated under the theme "moving stock equals working capital." (NL-2)

LIFT TRUCK ATTACHMENTS. Little Giant Products, Inc., has published a 12-page, four-color brochure about its more than 2,000 designs of lift truck attachments. (NL-3)

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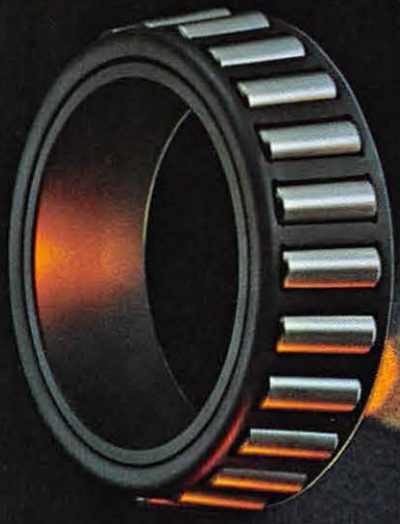
BRENCO Tapered Roller Bearings



BRENCO

What happens if coal captures 10% of the estimated 1980 markets for gasoline and natural gas?

To begin with, this can mean 313 million tons of coal will be required annually for this new market; much of it will move by unit train. If you are involved with coal mining, conversion, burning or movement, it's time you talked with Greenville. Greenville has built more unit coal train cars than any other manufacturer. They're in service. We have cost and performance facts. Call us. We can help you.

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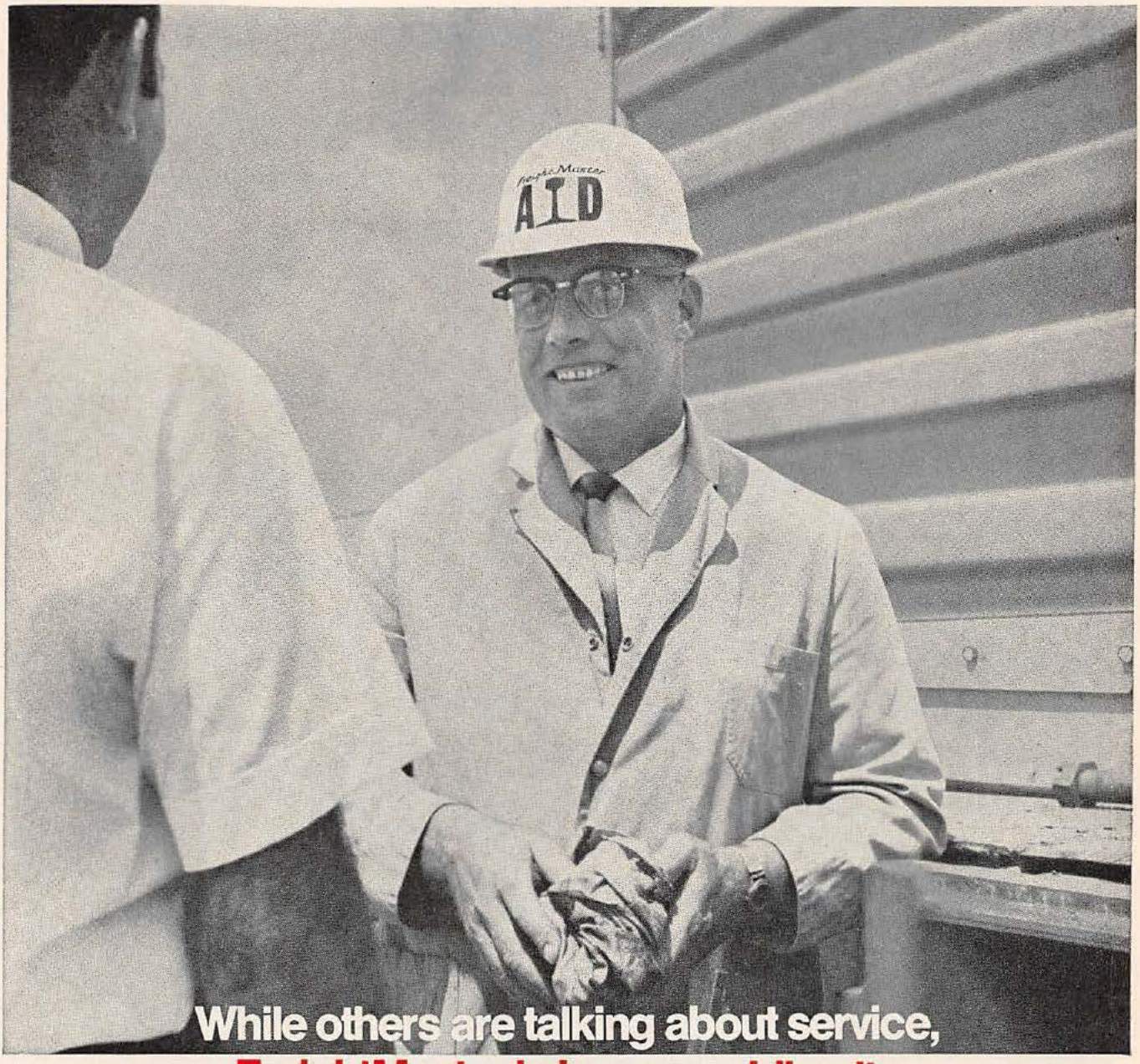
Subsidiary of Pittsburgh Forgings Company
GREENVILLE, PENNSYLVANIA



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FreightMaster end-of-car hydraulic cushioning devices are engineered and built to be the best that the state of the art permits. We add to this equipment excellence our national network of Assistance-In-Depth (AID*) Service Engineers. Trained, experienced specialists, like George Montgomery, work day and night to see that FreightMaster equipment performs consistently at a high level of efficiency during its long service life.

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We feel our responsibility doesn't end with the installation of FreightMaster equipment. We feel it's just the first step in a continuing program of co-operation that is beneficial for all . . . shippers, railroads, and FreightMaster.

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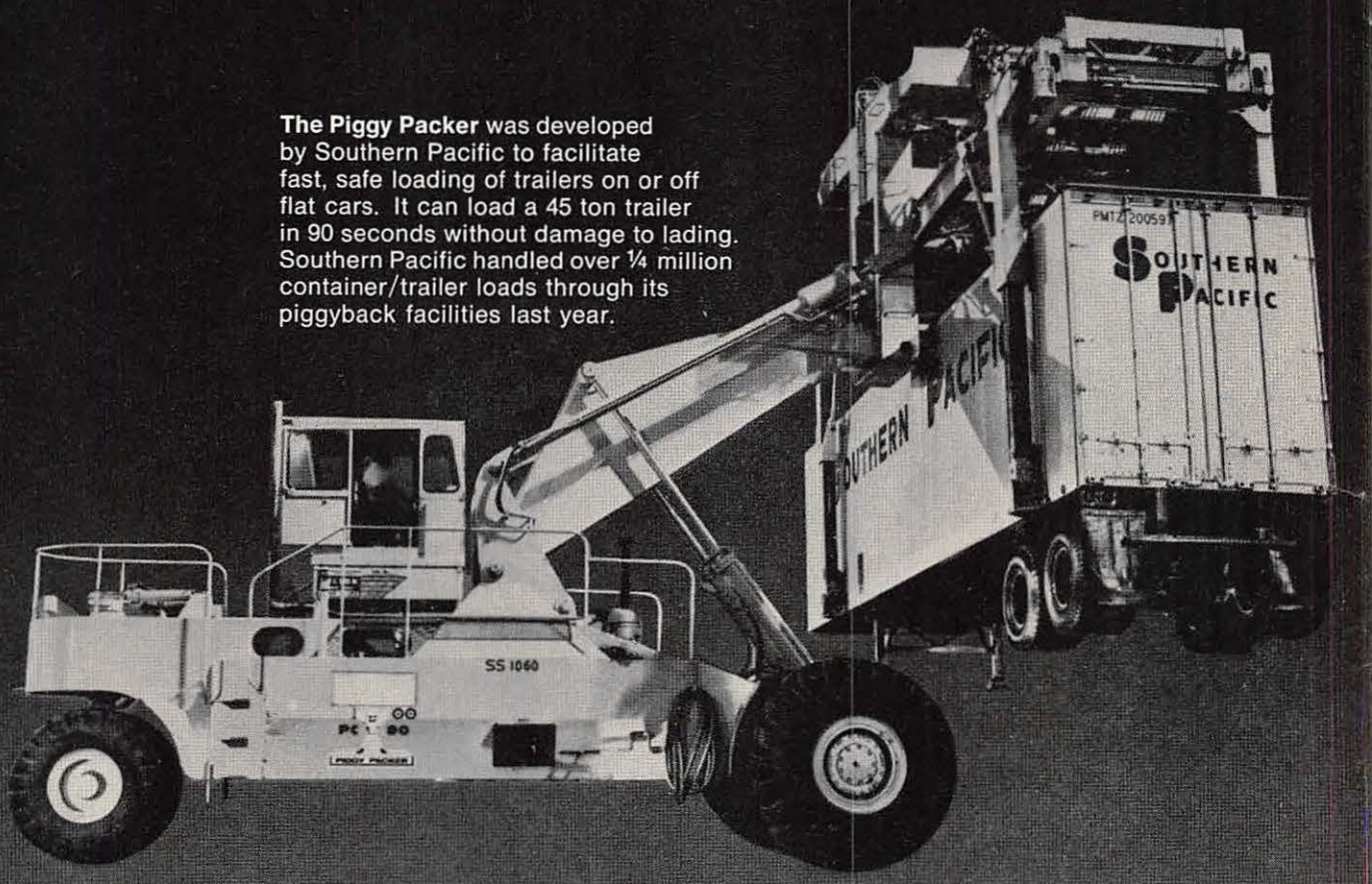
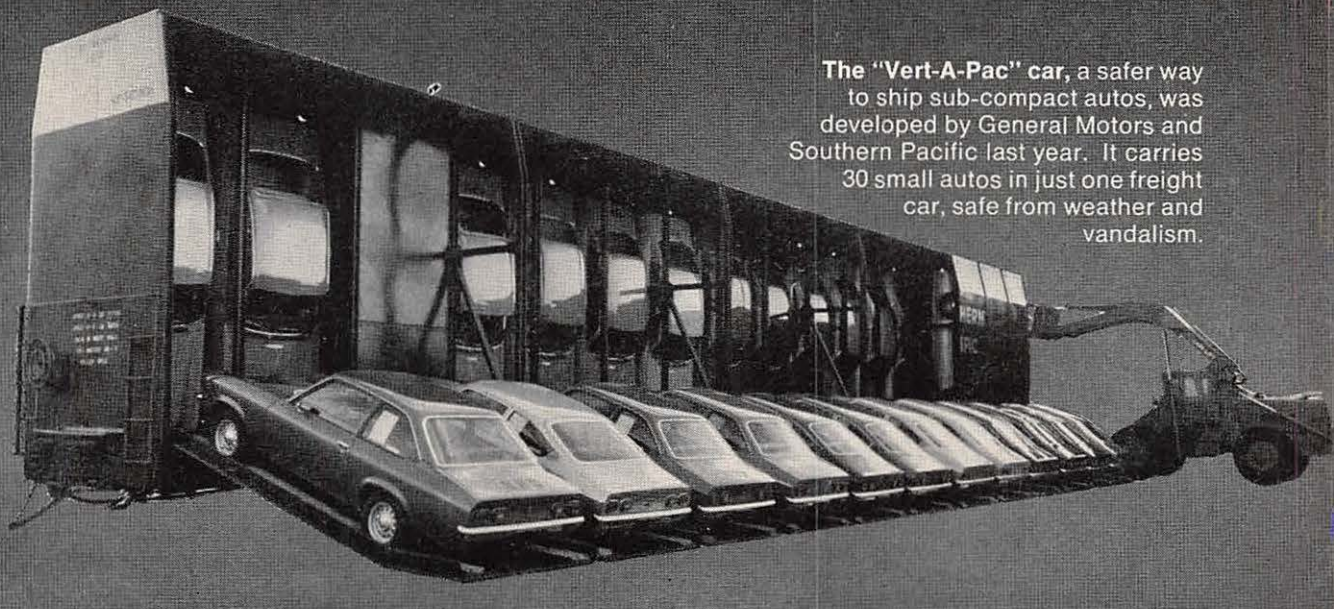
(Southern Pacific developments have led the way to better, safer shipping methods.)



The Piggy Packer was developed by Southern Pacific to facilitate fast, safe loading of trailers on or off flat cars. It can load a 45 ton trailer in 90 seconds without damage to lading. Southern Pacific handled over ¼ million container/trailer loads through its piggyback facilities last year.



The "Vert-A-Pac" car, a safer way to ship sub-compact autos, was developed by General Motors and Southern Pacific last year. It carries 30 small autos in just one freight car, safe from weather and vandalism.

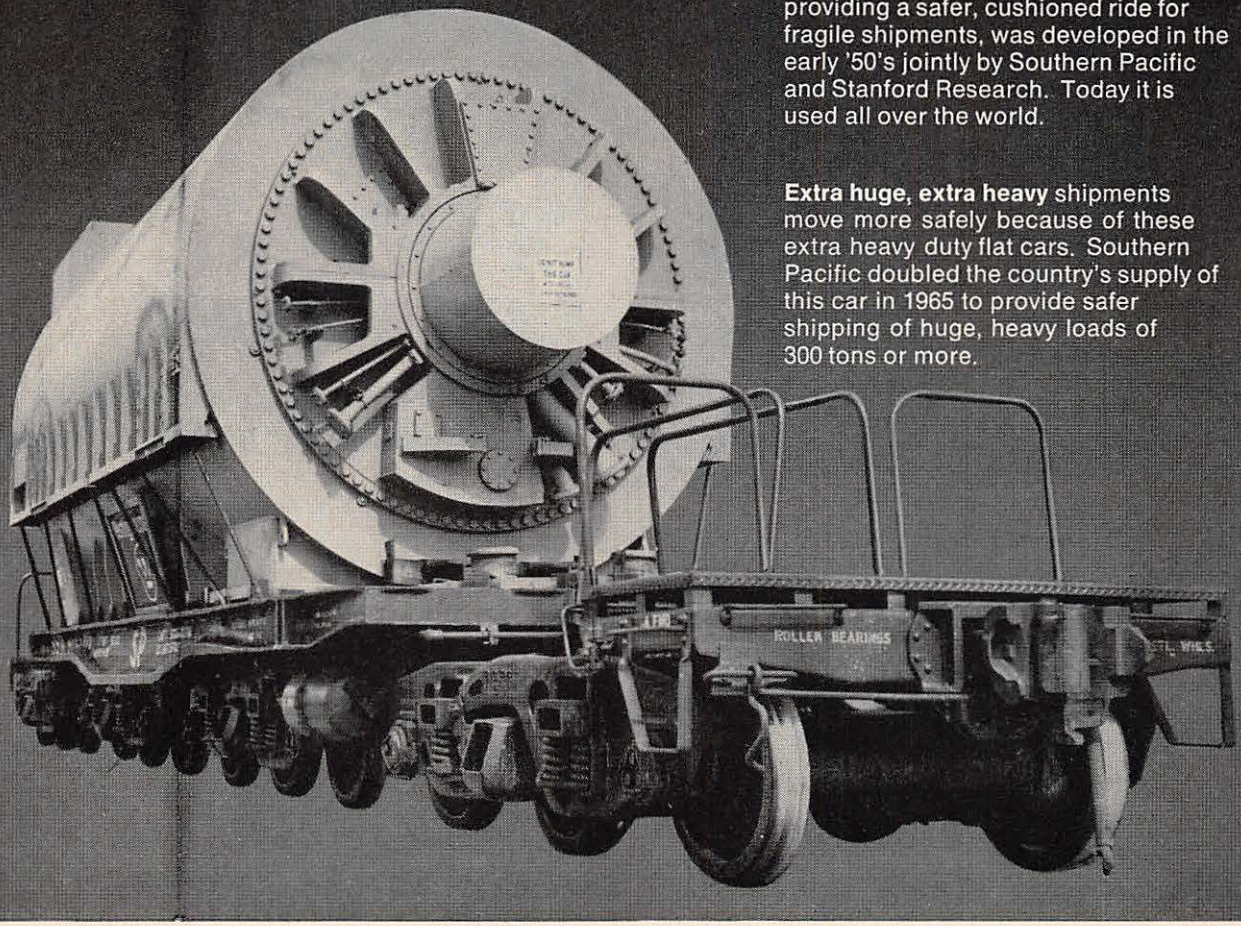
Southern Pacific has a long record of technological advancements in safe shipping methods. Shown here are just a few of the many techniques developed in recent years. Southern Pacific is continuing to look for other ingenious ways of loading and moving freight fast, efficiently, and with greater safety. In this way, we can continue to provide shippers with what they expect from Southern Pacific—better, more dependable service—at lowest cost.

Southern Pacific

—the transportation company that does things first.

The Hydra-Cushion Underframe, providing a safer, cushioned ride for fragile shipments, was developed in the early '50's jointly by Southern Pacific and Stanford Research. Today it is used all over the world.

Extra huge, extra heavy shipments move more safely because of these extra heavy duty flat cars. Southern Pacific doubled the country's supply of this car in 1965 to provide safer shipping of huge, heavy loads of 300 tons or more.



Circle 24 on coupon page 45

Railroads fight theft and vandalism

(Continued from page 35)

—beyond stepped-up police vigilance and beyond improvement of relations with that part of the community deemed most likely to cause problems. That other approach is through new law.

New law, as some see it, almost has to be on the Federal level—and it has to contain penalties stiff enough to provide a deterrent to juveniles and adults alike. A few years ago, there was a movement in Congress to enact that kind of law. But the movement fell short of success—and there has been nothing like it since, even though the problem has grown.

In that previous go-round, one of the railroads' principal spokesmen was Santa Fe's J. L. Hastings, manager-better freight handling and special service. Among his observations:

—There is nothing new about the problem "except that it is a growing one, and one which we have not been able to solve under existing law and law enforcement."

—In some areas, "train crewmen are actually fearful for their safety and apprehensive of performing certain assignments over certain routes because of the frequent stoning and shooting."

—"It is easy to say that enactment of Federal legislation will not improve the situation. However, this overlooks the fact that some of the vandalism results in major personal injury or property damage with respect to which all possible means of solution should be directed. At the very least, enactment of [this legislation] would make it possible to call in the FBI to assist in the apprehension and conviction of offenders whose acts have resulted in major injury or loss. More importantly, it should be kept in mind that making such acts Federal crimes would be a substantial deterrent. . . . It is in this area where the best possibility for improvement exists, since the major goal is the prevention of such acts. . . . It has been our experience that simply making it known that certain conduct is a Federal offense tends to deter."

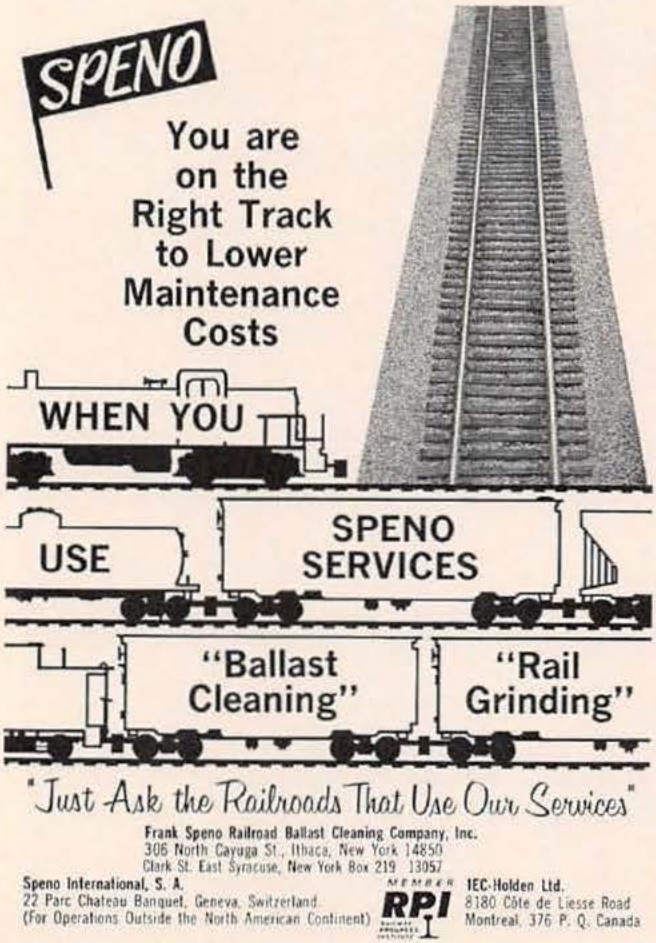
● **Precedent is there.** As Hastings point out, there is ample precedent for Federal legislation in this area. There is a Federal train-wrecking statute, a statute making it a Federal crime to harm property moving in interstate or foreign commerce, and a law making it a Federal crime to embezzle or steal from interstate or foreign shipments.

Some challenge might be raised to the exercise of Federal power to cover commuter or other short-run services which are totally intrastate. But this could be handled, security people believe, by wording the legislation so as to embrace trains and equipment operated "on the line of any common carrier in interstate or foreign commerce."

At this point, nobody can say what—if anything—Congress may be inclined to do. But some degree of action could come via a bill to establish a Commission on Security and Safety of Cargo—said commission to conduct a two-year study of the over-all security problem in all transportation. It remains to be seen whether anything can be done about extending "security and safety" to people and plant and equipment.

At this point, too, nobody can predict whether local-level enforcement can be tightened. Despite all the recent emphasis on "law and order," security people are well aware that much of their problem is caused by juveniles—and well aware that local authorities are reluctant to move against juveniles.

So, the outlook for improvement in the vandalism situation is something less than bright. For the time being, at least, it appears that security people will have to go on fighting a holding action—using cameras, dogs, and selective patrol techniques, and trying (as WM is) to do whatever they can in problem-prevention. ■



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Circle 25 on coupon page 45

Large Savings- Special Low Prices.

Foster dismantling 80 miles of abandoned main line track in Texas.

Excellent quality relay rail.
85# A.S.C.E. 33-ft long. Drilled 2½-in.x 5-in.

131# A.R.E.A. 36- to 39-ft long. Drilled 2½-in. x 6½-in.
(Matching angle bars, tie plates, cross ties, spikes, bolts included.)

Immediate Shipment/Exceptional Quality/Very little Wear

CALL COLLECT:

2000 West Loop South
Houston, Texas 77027
(713) 626-5100

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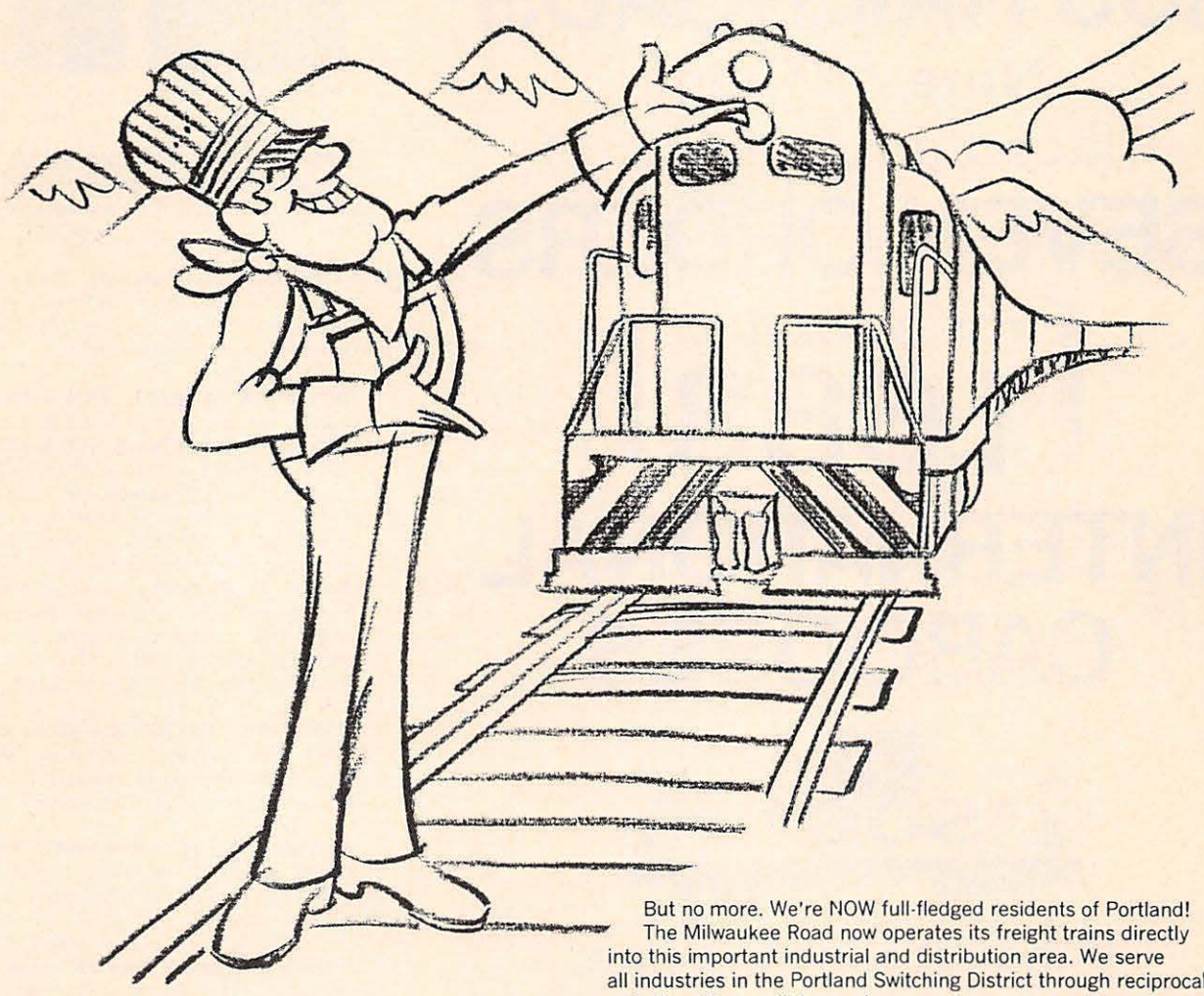
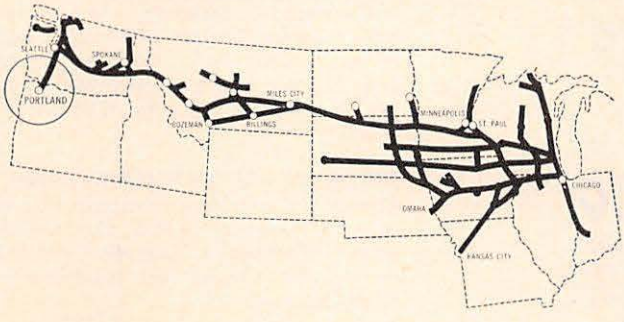
FOSTER
L.B.FOSTER COMPANY

Circle 26 on coupon page 45

Look us over, Portland. We've moved in!



So near, but yet so far. That's probably what Portland thought about the Milwaukee Road. Just out-of-state neighbors from Longview, Washington, 46 miles away.



But no more. We're NOW full-fledged residents of Portland!

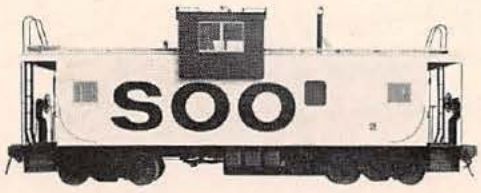
The Milwaukee Road now operates its freight trains directly into this important industrial and distribution area. We serve all industries in the Portland Switching District through reciprocal switching. We go all the way!

And what does this mean to you? An additional choice of competitive rail transportation. Another rate-making carrier. A new source of equipment supply. A direct service route via the Milwaukee Road to and from Chicago. A direct service route via the Milwaukee Road to and from the Canadian railroads at Sumas, Washington.

Call your Milwaukee Road representative. He'll be glad to show you why it makes more sense than ever to ship on America's *resourceful railroad!* The Milwaukee Road. Union Station Building, Chicago, Illinois 60606.

Now you can ship farther on... THE MILWAUKEE ROAD

During our first
20 Years
We Have Served
103 RAILROADS
Nine of Them
Placed an Average of
SEVEN ORDERS
For a total of
1,683
INTERNATIONAL CABOOSES



If that doesn't indicate
satisfaction with our quality
and our service
we don't know what would

International Car co.

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Representatives: M. H. Frank — Cleveland, O. • Prest Company — St. Paul, Minn. • R. B. Hornberger — San Francisco, Cal. • F. E. Ross, Jr. — St. Louis, Mo. • E. J. Hasten, Jr., W. B. Reed — Chicago, Ill.
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MEMBER RPI

Circle 27 on coupon page 45

People

Alexander H. Hart
CN

Hays T. Watkins, Jr.
C&O-B&O

ASSOCIATION OF AMERICAN RAILROADS.—Ralph A. Grover, special representative, Freight Loss & Damage Prevention Section, Chicago, appointed director of that Section.

H. Stephen Dewhurst, director of administration, Public Relations Department, Washington, D.C., appointed equal employment opportunity officer.

BESSEMER & LAKE ERIE.—Morris E. Lantz, director cost and statistics, **Duluth, Missabe & Iron Range,** Pittsburgh, elected comptroller, B&LE, Pittsburgh, succeeding **Henry Frantzen, Jr.,** who retired Feb. 28, after more than 36 years of service. **John J. Herbert,** manager local accounting, appointed assistant comptroller. **Robert C. Drennen,** manager Pittsburgh line accounting, appointed director pensions and insurance. **Eugene F. Hatton,** assistant director cost and statistics, promoted to director cost and statistics.

CANADIAN NATIONAL.—Alexander H. Hart, vice president, marketing, Montreal, named to the newly created position of senior vice president, Vancouver.

CHESAPEAKE & OHIO—BALTIMORE & OHIO.—Hays T. Watkins, Jr., vice president in charge of the administrative group, elected president and chief executive officer, Cleveland, effective March 31, succeeding **Gregory S. DeVine,** who reached retirement age on March 20. Mr. DeVine will continue as chairman, Executive Committee C&O, and chairman, B&O. Mr. Watkins' photograph was incorrectly identified in RA, March 8, p. 52.

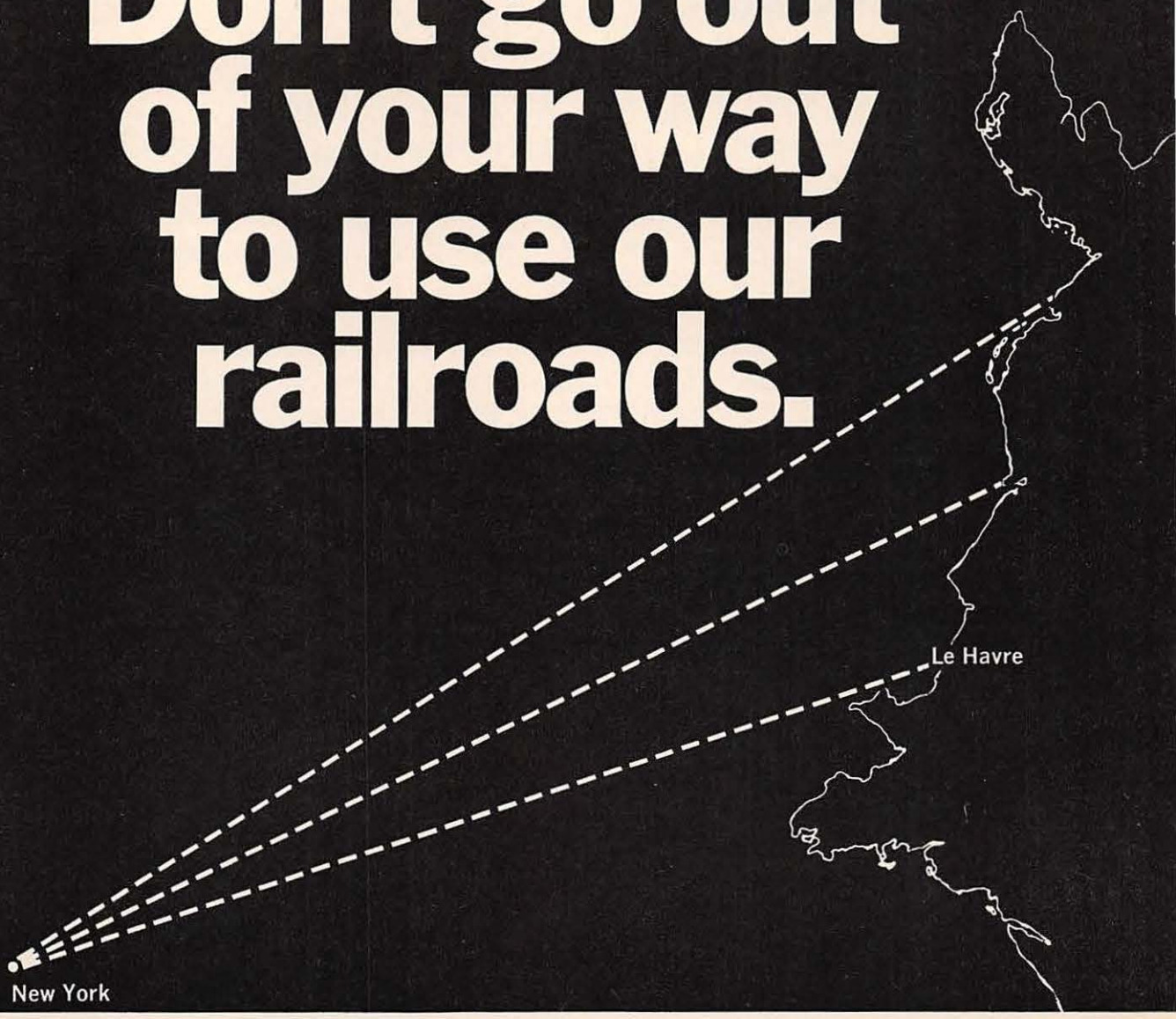
Clarence C. Jackman, chief operating officer, **Jersey Central,** on March 1 returned to the C&O/B&O, where he previously was assistant vice president. Mr. Jackman has been on loan to the CNJ for three years.

COLORADO & SOUTHERN.—Frank H. Coyne, vice president, management services and planning, elected vice president, finance. **Thomas J. Lamphier** elected to succeed Mr. Coyne. Both have headquarters at St. Paul.

FLORIDA EAST COAST.—Charles S. Owens appointed district sales manager, Hialeah, Fla.

(Continued on page 61)

Please. Don't go out of your way to use our railroads.



Why ship containerized freight to any other port in Europe when French National Railroads and its affiliated Company, "Compagnie Nouvelle des Cadres", specially created to handle containers, can deliver your goods from Le Havre to "les customers" faster.

Containerized freight consigned to Le Havre is on the railroads to your markets in Europe (at 70 miles an hour) while freight consigned to other major ports is still at sea.

The containerized freight handling facilities at Le Havre are now among the best in Europe. In fact they are so advanced that we can guarantee scheduled shipment of your freight to the consignee anywhere in Europe.

The freight trains are waiting at the dock. Equipped to handle any size containers. And your shipment goes direct from the boat to the train. With no lost dock time.

From Le Havre, the French National Railroad's track network fans out to Europe. Within hours your goods are in Paris—Lyons—Geneva—Munich—Zurich. Anywhere in Europe where there's railroad track. And our freight trains are prompt, punctual and dependable. This means efficient and economical service to you and your customers.

So don't go out of your way to use our railroads and get your goods to market faster.

For further information write to the French National Railroads 610 5th Ave., N. Y. New York Freight Department D. Or call French National Railroad at 582-2110.

FRENCH NATIONAL RAILROADS

Circle 28 on coupon page 45

OUR "RUN-THRU EXPRESS" MOVES THE WEST COAST 24 HOURS CLOSER TO THE EAST COAST.

We figured one thing the shippers in this country could use is a day off. Now you get it.

The Seaboard Coast Line, Frisco and Union Pacific Railroads have linked up to form the Coast-to-Coast "Run-Thru Express" train.

It runs daily with expedited service between North Platte, Nebraska and Jacksonville, Florida.

And fast connecting service is provided from all major western points to all major southeastern points.

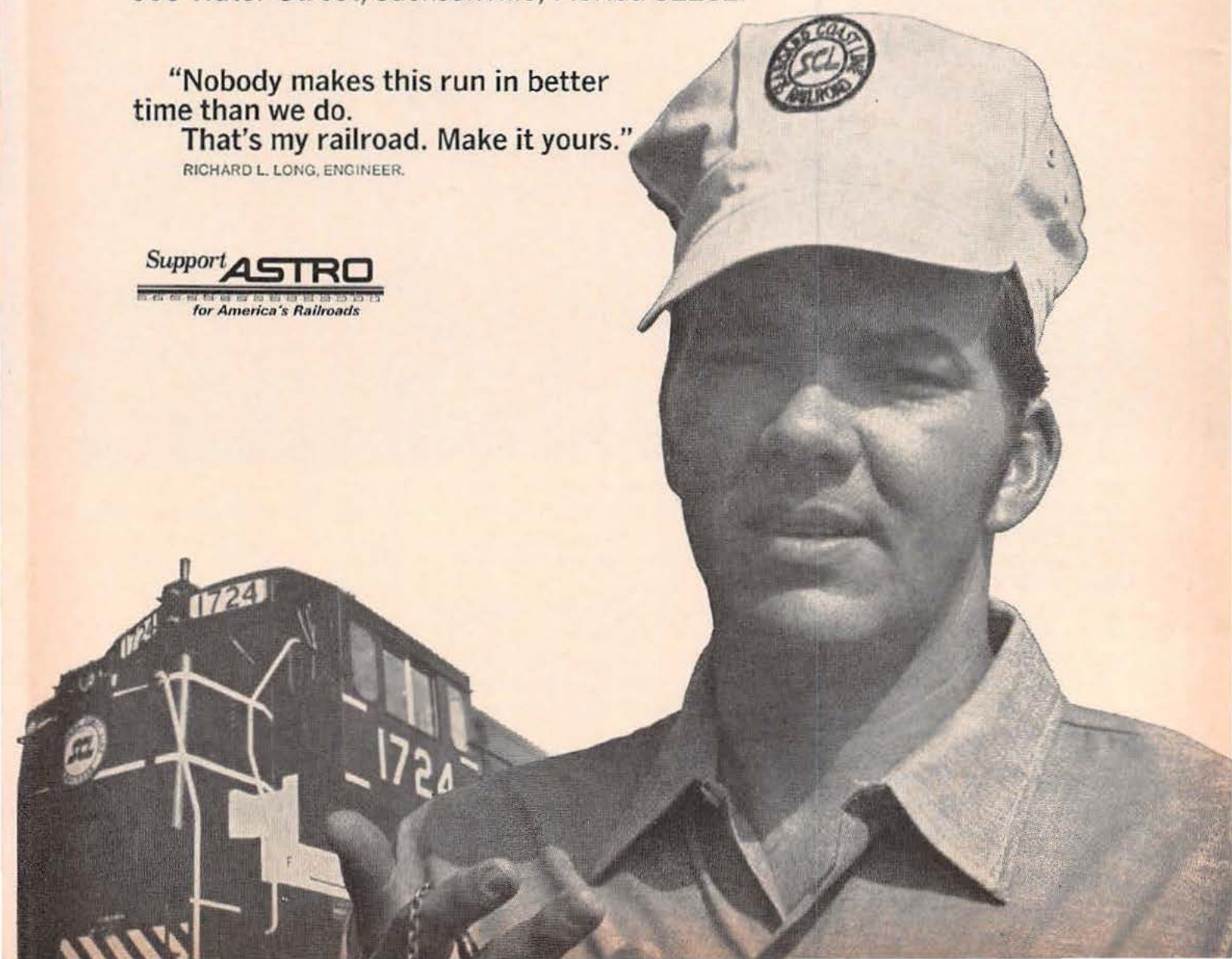
So from now on when you want to haul freight, ship via Seaboard Coast Line. And save a full day.

For information about freight service in the Southeast, see your local S.C.L. representative or write: Horace M. Emerson, Vice President - Freight Traffic, Seaboard Coast Line Railroad, 500 Water Street, Jacksonville, Florida 32202.

SCL
SEABOARD COAST LINE RAILROAD

"Nobody makes this run in better time than we do.
That's my railroad. Make it yours."
RICHARD L. LONG, ENGINEER.

Support ASTRO
for America's Railroads



Viewpoint

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NEW ORDERS FOR MACHINE TOOLS*

	January 1971 ($000)	December 1970 ($000)	January-December % Change	Jan. 1971-Jan. 1970 % Change
Metal cutting tools	37,450	39,700	-5.7	-59.4
Metal forming tools	15,550	29,750	-47.7	-30.3

MACHINE TOOL SHIPMENTS*

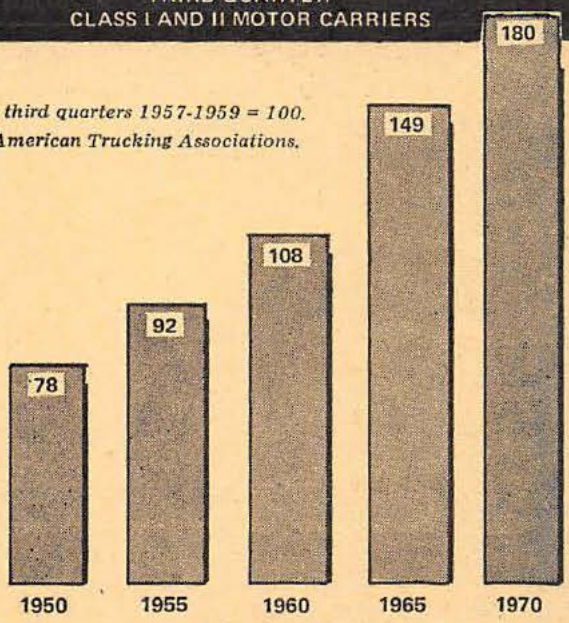
	January 1971 ($000)	December 1970 ($000)	January-December % Change	Jan. 1971-Jan. 1970 % Change
Metal cutting tools	59,200	85,600	-30.8	-36.9
Metal forming tools	31,200	35,700	-12.6	-23.3

**Including foreign and domestic.*
Source: National Machine Tool Builders' Association.

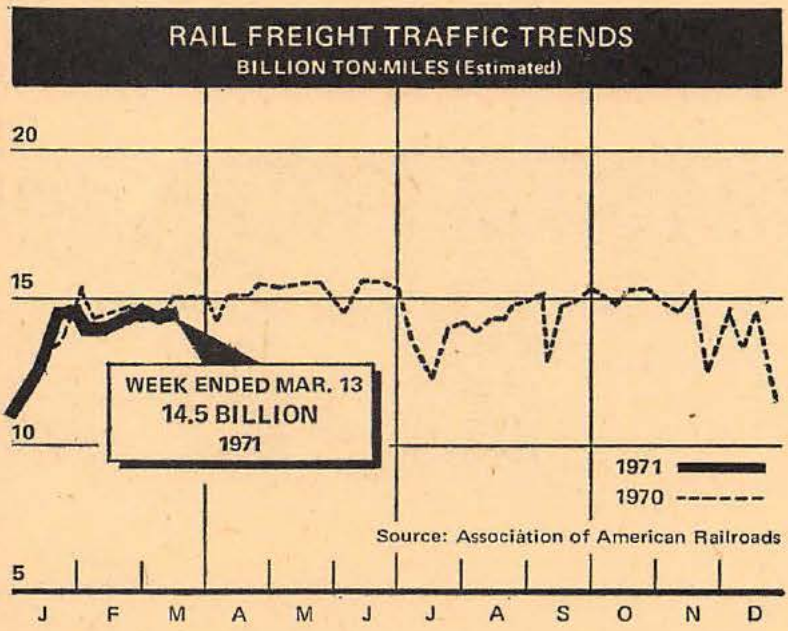
INTERCITY TRUCK TONNAGE INDEX*

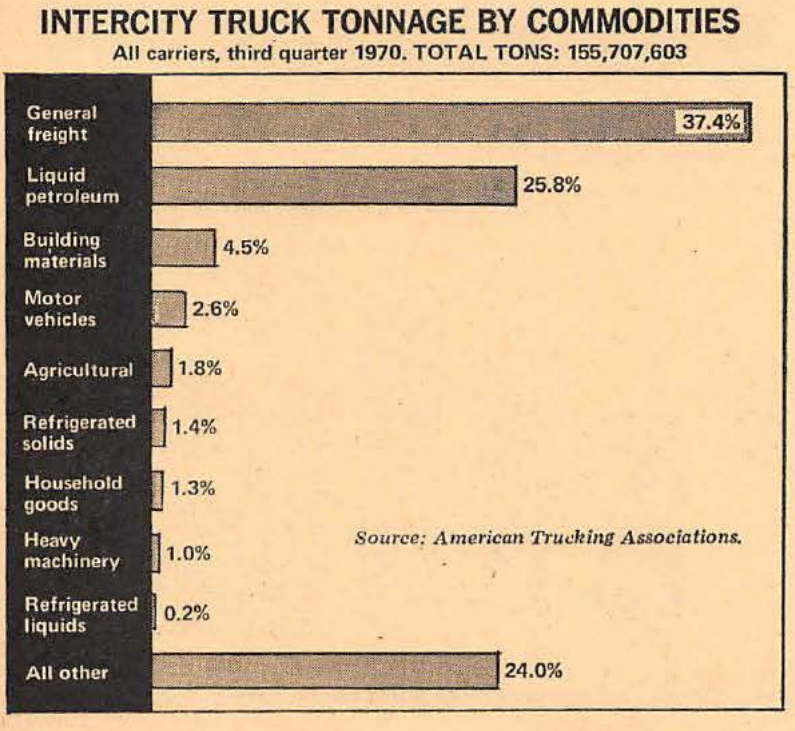
THIRD QUARTER
CLASS I AND II MOTOR CARRIERS

**Average third quarters 1957-1959 = 100.*
Source: American Trucking Associations.



transit order received by a U.S. supplier from an overseas customer in the past 25 years. Westinghouse will supply 198 sets of propulsion control and auxiliary equipment and 38 sets of motor-gear drives. Another 160 sets of motor-gear drives will be supplied by Villares, a Westinghouse licensee in Brazil. Delivery of the Westinghouse equipment, to be manufactured in Pittsburgh and Buffalo, will begin next December and be completed in February 1973.





Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended March 13 totaled 500,554 cars, according to the Association of American Railroads. This was an increase of 10,052 cars, or 2.0% compared with the previous week, and a decrease of 20,217 cars or 3.9%, compared with the corresponding week of last year.

REVENUE FREIGHT CARLOADINGS

Commodity	Mar. 13 Week	Mar. 6 Week	Feb. 27 Week
Grain	25,829	26,405	24,894
Farm products	11,151	11,081	13,011
Metallic ores	21,473	22,736	21,250
Coal	100,198	92,964	98,958
Crushed stone, gravel & Sand	22,117	21,119	21,358
Nonmetallic minerals	8,909	8,713	9,420
Grain mill products	18,798	19,165	19,355
Food & kindred products	24,534	25,081	26,215
Primary forest products	26,818	22,552	24,941
Lumber & wood products (except furniture)	14,936	14,764	15,550
Pulp, paper & allied products	23,362	23,299	24,142
Chemicals & allied products	28,746	27,891	28,157
Petroleum products	9,567	9,432	10,012
Stone, clay & glass products	17,355	16,770	16,959
Coke	8,592	8,459	8,663
Metals & products	26,217	27,217	28,341
Motor vehicles & equipment	24,591	25,761	25,238
Waste & scrap materials	15,606	14,924	16,040
Forwarder & shipper assn. traffic	5,675	5,869	5,975
All other carloads	65,397	66,314	69,421
LCL traffic	683	626	648
Total cars loaded	500,554	491,142	508,548
CUMULATIVE TOTAL, 11 weeks	1971	1970	1969
	5,282,314	5,409,475	5,480,582
Estimated revenue ton-miles (billions) 11 weeks	153.3	155.4	154.2

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended March 6 totaled 23,720 cars (down 7.4% below the corresponding week last year) and 38,050 trailers or containers (down 12.7% from 1970). Cumulative volume for the first ten weeks of 1971 is 222,027 cars (off 7.2% from last year) and 354,282 trailers or containers (down 13.2% from 1970). In addition to freight, 3,579 cars carrying 5,300 trailers or containers of mail and express traffic were handled piggyback. Cumulative figures for the first ten weeks of 1971 are 34,510 cars (up 6.6% over the 1970 total), and 49,162 trailers or containers (down 6.3% from 1970).

IN CANADA

7 days ending	Revenue Cars Loaded	Cumulative Totals
Feb. 28, 1970	72,759	572,385
Feb. 28, 1971	70,827	554,861

FREIGHT-TRAIN CARS

● *Erie Lackawanna.*—Ordered 750 new gondola cars for transporting steel and steel products, as follows: From Pullman-Standard—500 52½-ft cars (of which 100 will have 8-ft bulkheads for pipe loading); from Greenville Steel Car—250 65½-ft cars (of which 100 also will have 8-ft bulkheads for pipe loading). P-S deliveries, at the rate of 16 cars a day, will begin in the latter part of April; cars from Greenville will start arriving late in May at the rate of 6 a day.

● *Missouri Pacific.*—Ordered 1,500 new freight cars at a cost of more than $24 million. Pullman-Standard will build 1,000 100-ton covered hopper cars; Amcar Division of ACF will build 500 70-ton, 50½-ft box cars.

● *Penn Central.*—Acquired an additional 79 60-ft, hi-cube box cars, bringing to 350 its total fleet of such cars designed to serve General Electric appliance manufacturing plants. Penn Central pioneered the research and design of the car after extensive market research in 1967-68. The initial fleet was placed in service in March 1969 (RA, Nov. 3, 1969, p. 34). Damage reduction devices include the Evans Air-Pak bulkhead system, specially metered truck springs, solid couplers and a cushioned underframe.

● *Santa Fe.*—1971 equipment acquisitions now add up to 3,050 units: 900 100-ton covered hoppers from Pullman-Standard, 400 100-ton open-top hopper cars and 250 100-ton high-side gondolas from Greenville Steel Car, 400 100-ton covered hoppers and 400 70-ton box cars from Amcar division of ACF, 300 70-ton insulated box cars from Pacific Car & Foundry, and 400 mechanical refrigerator cars from Topeka, Kans., company shops.

CAPITAL EXPENDITURES

● *Southern Pacific.*—Has budgeted $165 million for capital investment in 1971, compared with $200 million in 1970. Included are 3,000 freight cars and 58 locomotives.

FOREIGN

● *South Africa.*—Fifty specially-built Westinghouse Thermo-King refrigeration units have been purchased for installation on cars being built for South African Railways by Dorman Long, Ltd. The sale was made through Grenco, Ltd., distributor for Westinghouse products.

● *Sao Paulo, Brazil.*—Westinghouse Electric International Co. has received a multimillion-dollar order to supply propulsion and control equipment for the new Sao Paulo (Brazil) Metro rapid transit system. The order is said to be the largest rapid

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Donald G. Wooden
GTW

John D. Hayes
GTW

(Continued from page 54)

GRAND TRUNK WESTERN.—Donald G. Wooden appointed vice president, corporate planning and finance, and **John D. Hayes,** vice president, operations, both with headquarters at Detroit. Mr. Wooden was formerly director of financial planning, **Chesapeake & Ohio/Baltimore & Ohio,** Baltimore. Mr. Hayes was formerly general manager, **GTW,** Detroit.

GULF, MOBILE & OHIO.—Gerald C. Stuckey, assistant to vice president-traffic, Mobile, Ala., promoted to assistant vice president—traffic.

ILLINOIS CENTRAL.—Robal A. Johnson appointed assistant vice president-sales. Mr. Johnson was formerly associated with **Weyerhaeuser Co. Jack H. Butridge,** general manager freight sales, promoted to assistant vice president. **Elias Lyman,** assistant to vice president-traffic, advanced to assistant vice president-marketing.

Robert R. Minor, special claim agent, named chief claim agent, succeeding **William R. Hovious,** retired

JERSEY CENTRAL.—Thomas J. Smith appointed president, effective March 1. Mr. Smith has been general attorney—New York, **Penn Central,** and that road's senior legal officer in the northeastern United States and eastern Canada.

PENNSYLVANIA CO.—Victor H. Palmieri elected president and chief executive officer of this wholly-owned subsidiary of **Penn Central Transportation Co.,** now in reorganization under the Bankruptcy Act. **Samuel H. Hellenbrand** has relinquished the presidency of Pennsylvania Co. in order to resume his former full-time duties as vice president of Penn Central. Mr. Palmieri will remain as chief executive officer of **Great Southwest Corp.,** a Los Angeles based subsidiary of Pennsylvania Co.

PITTSBURGH & LAKE ERIE.—Francis J. Edzwald, associate director of personnel, Pittsburgh, appointed director—labor relations and personnel, succeeding **William J. Petrie,** director of personnel, who retired Jan. 31, after more than 50 years with the P&LE.

PULLMAN COMPANY.—F. J. Boeckelman, director of employee and labor relations, Chicago, elected president, succeeding **G. W. Bohannon,** who retired Jan. 31. Mr. Bohannon continues as a member of the board of directors.

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SUPPLY TRADE

Robert E. Henderson has been appointed president, **St. Louis Car Division, General Steel Industries, Inc.** Mr. Henderson, formerly vice president, **Hawker Siddeley Canada Ltd.** and general manager of its **Canadian Car Division,** succeeds **Delancey J. Davis,** retired. Mr. Davis will serve as a consultant to GSI.

Kevin W. Sullivan, assistant manager of public relations **General American Transportation Corp.,** has been appointed public relations manager.

R. Gordon Thorpe has been elected president, **Continental Leasing Corp.** Mr. Thorpe was previously national director of rail sales, **Strick Corp.**

Robert A.K. Smith has been appointed district sales manager, **American Steel Foundries,** St. Louis.

INDUSTRIAL TRAFFIC

John W. Twohig has been appointed general traffic manager, **Queen City Grain, Inc.,** Cincinnati, Ohio. Mr. Twohig was formerly regional sales manager, **Jersey Central,** Cincinnati.

Keith D. Sheppelman, assistant traffic manager, **Ralston Purina Co.,** Denver, Colo., has been appointed traffic manager, Grocery Products Division, Edmond, Okla.

Wesley E. Gatewood has been named vice president of distribution, Shelter Industries Division of **Certain-teed Products Corp.,** Valley Forge, Pa. He was formerly vice president of marketing.

R. E. Henderson
St. Louis Car

Kevin W. Sullivan
GATX

R. Gordon Thorpe
Continental Leasing

Robert A.K. Smith
ASF

Joseph V. Valente has been named assistant traffic manager, **Coats & Clark Inc.,** and **Coats & Clark's Sales Corp.,** Fair Lawn, N.J. **William T. Moss** has been named Southern transportation supervisor, Atlanta, Ga.

James F. Day, assistant director of traffic, **3M Co.,** St. Paul, Minn., has been promoted to director of traffic, succeeding **Frank L. O'Neil,** who has retired but will continue as a consultant.

Eaph Lowe joined **Hardy Salt Co.,** St. Louis, on March 1 as transportation manager. He was formerly assistant traffic manager, **Louisville Cement Co.**

Donald L. Allen, Jr., has been appointed director of distribution, **International Salt Co.,** Clarks Summit, Pa. He was formerly controller and assistant treasurer.

Melvin Vancil, general manager, traffic department, **Commercial Metals Co.,** Dallas, Tex., has been promoted to vice president.

E. J. Landis, director of transportation and distribution, **Duval Sales Corp.,** Houston, Tex., has been elected vice president—transportation and distribution.

Robert V. Peabody has been named assistant director of distribution for **Borden Chemical,** a division of **Borden, Inc.,** at New York.

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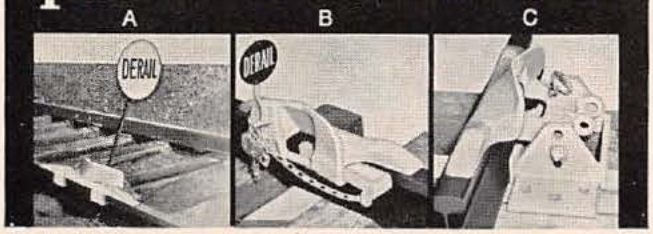

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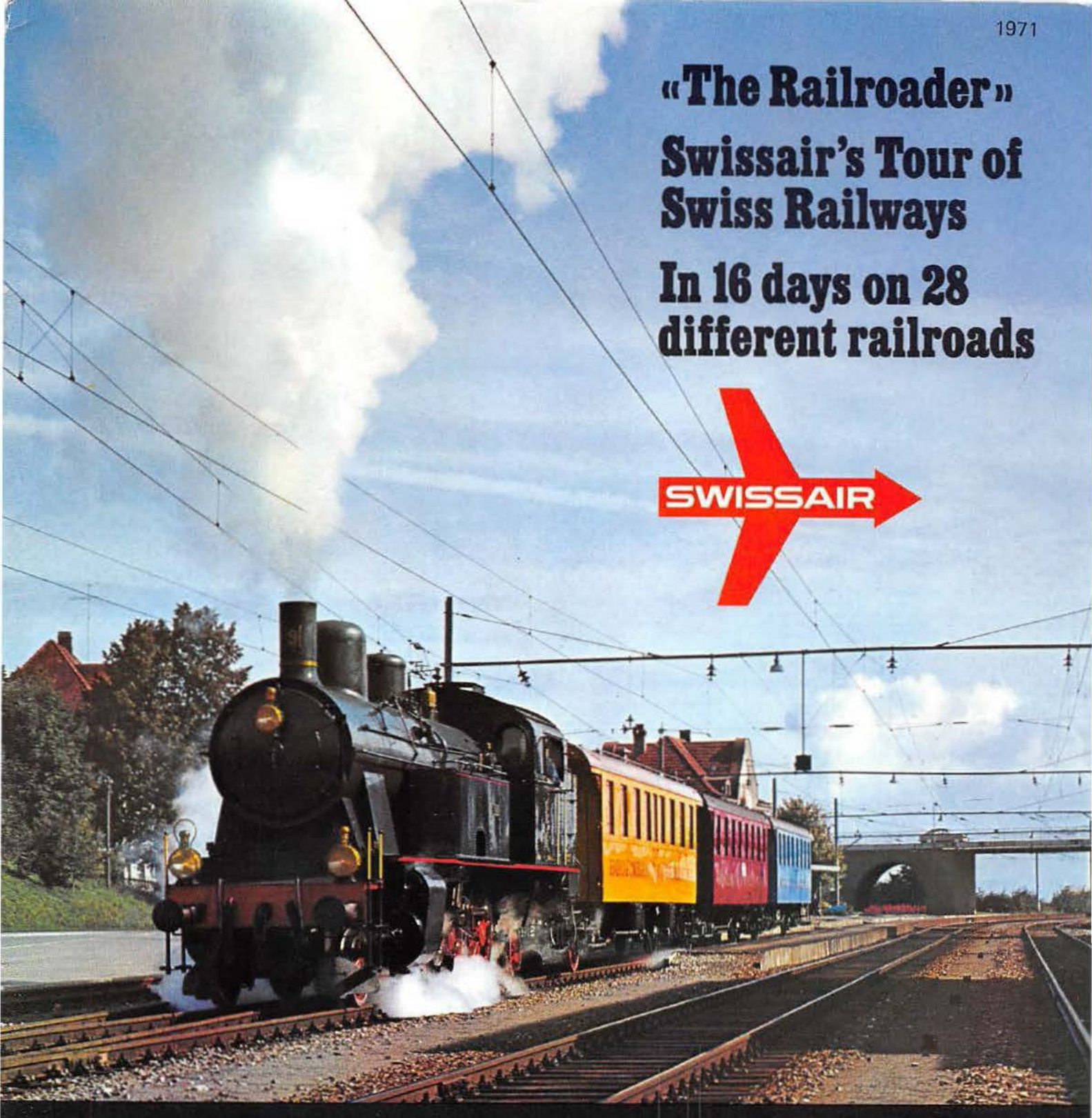

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The near failure of a single railroad, recently, shook our entire economy.

The stopping of rail service for only 24 hours brought the nation to the brink of emergency.

Yet the warnings by the railroad industry that it faces an imminent crisis for survival is met with near silence.

The lack of alarm is ominous.

Maybe no one is listening because they think it is a case of "big business" crying wolf. Maybe others are calm because they expect the government will not let the railroads collapse. But it is not a case of crying wolf. And the government is not acting swiftly enough to prevent a collapse.

The alternative is clear and frightening. It is the nationalization of our railroad system.

And it could be a $40 billion alternative.

In fact, estimates range from over $20 billion to $60 billion as to how much it would cost our government simply to acquire the country's railroad system.

And this is only the beginning of what it would cost the country's taxpayers. Another $36 billion must be spent in the next 10 years to keep plant and equipment operable and to expand and improve it, as the country's growing transportation demands will require.

Then there is the excessive cost of nationalized rail service, as already proven by the highly developed countries who have nationalized their railroads.

In Western Europe and Japan, the taxpayers must add about 20 cents to every dollar taken in by the national railroads. Such a deficit in this country would amount to over $2 billion a year.

But the cost of nationalization does not end here. Taxpayers are also consumers. The freight charges collected by government-owned railroads are 50% and, in some cases, even 100% higher than the costs for similar shipments via U. S. railroads.

The real cost of nationalization must be figured into the price of everything we buy.

Is there another alternative?

Yes.

It is the abolishing of century old laws that are strangling our railroads, that many government officials have admitted are outdated and no longer justified. Laws that are prejudicial to railroads within our total transportation system, that prevent them from freely competing for new business, from ending the causes of huge losses such as unprofitable services, that impose startlingly discriminatory taxes on them and deny them fair participation in government programs for transportation.

These are the alternatives. But, we must choose now...or the choice will be made for us.

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